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LAST ISSUE

Latin America

FBIS-LAT-96-128
Tuesday
2 July 1996

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Latin America

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Cuba

Cuba: Authorities Describe ICAO Results as 'Successful'

PA2806195596 Madrid EFE in Spanish 1632 GMT 28 Jun 96

[By Marisol Marin]

[FBIS Translated Text] Havana, 28 Jun (EFE) — Cuban authorities who expected the worse from the International Civil Aviation Organization (ICAO) meeting have accepted ICAO's conclusions as "successful" because the United States did not achieve an explicit condemnation of Cuba.

The ICOA Council, comprised of 33 countries, concluded yesterday with a decision to submit to the UN Security Council the voluminous 235-page report, including annexes, of its investigative group regarding the downing of two airplanes belonging to the anti-Castro Brothers to the Rescue organization by two Cuban MiG's on 24 February.

Attached to the report, which will be submitted complete, without any changes, as requested by Cuba, will be the resolution approved by the ICAO, which was described today as "Solomon-like" by observers and diplomats.

The United States did not get a condemnation of Cuba for "these crimes" as it had announced with hoopla; nevertheless, Cuba did not achieve a revision of the report — which it clearly considered unfavorable — or a delay of the ICAO meeting.

The headlines of the official newspaper GRANMA — the only newspaper that circulates during the week — broadly and almost triumphantly reflected the Cubans' satisfaction. "United States Fails In Attempt To Condemn Cuba in ICAO," GRANMA states in its first page, and in its last page it reiterates: "The United States Was Unable To Impose Agreement Against Cuba."

"The ICAO Council's agreement means, in practice, that it rejects the U.S. proposal to severely condemn Cuba for the downing of the two pirate airplanes," GRANMA says.

Before the start of the meeting in Montreal, U.S. Transportation Secretary Federico Pena announced that the United states would ask the ICAO to "formally condemn, in the strongest terms possible, these crimes committed by Cuba."

According to a statement by Ricardo Alarcon, head of the Cuban delegation, quoted by GRANMA, Pena acknowledged before the plenary that the approved resolution was "substantially different" from Washington's proposal.

Alarcon, who said he has congratulated the Council members for the way they acted, stated that "the U.S. delegation tried many times, unsuccessfully, to include a specific mention that would condemn Cuba."

With the same Solomonic stance, the resolution condemned "the use of weapons against civilian airlines in flight," in reference to Cuba, and also recalled that "each state must take measures to prevent the use of civilian aircraft registered in its territory for any purpose that is incompatible with the International Civil Aviation Agreement," in reference to the United States and Brothers to the Rescue.

"The United States was convinced that it was going to achieve its objective and that the ICAO meeting was going to be a cakewalk. For Cuba, this is its first political-moral victory, independently of what will occur at the UN Security Council," a European diplomat told EFE.

In addition, the ICAO Council avoided asserting the exact location of the light aircraft at the moment they were shot down by the Cuban fighter planes because of the irreconcilable differences between the U.S. version, which maintain that the downing occurred over international waters, and the Cuban version, which from the start, claimed the opposite.

The official Cuban media did not hide its delight, above all because it recalled that the airplane incident was used by the United States to accelerate the approval of the Helms-Burton law, which intends to strengthen and internationalize the economic embargo against the island.

This law, which placed the United States in confrontation with half the world — including its closest allies — was condemned today, although its was not specifically named, by the Group of 7 (G-7) at the conclusion of the G-7's annual meeting held in Lyons, France.

Cuba: G-7 Leaders Cited on Communique, Helms-Burton Law

PA3006022496 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 96

[From the "National Radio News" program]

[FBIS Translated Text] A communique issued at the G-7 summit on 27 June reflects the negative feelings that Canada and several European countries have about the Helms-Burton law. The leaders of Germany, Canada, the United States, France, the UK, Italy, and Japan pledged after their first working meeting to reject trade and investment measures that violate WTO rules.

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Although the terms extraterritoriality or Helms-Burton never actually appear in the communique, G-7 leaders have clearly pledged — again, textually speaking — to avoid trade and investment measures that violate WTO rules. Many countries have denounced the Helms-Burton law in WTO courts as a violation of the organization's rules.

Michael McCurry, a White House spokesman, has suggested that the communique specifically refers to a U.S. law sanctioning businesses that invest in Libyan and Iranian oil and not to the Helms-Burton law.

Canadian Prime Minister Jean Chretien has said that the communique clearly applies to the Helms-Burton law and reflects the clear consensus among G-7 partners against it.

REUTERS cites a Canadian official who said that his country and his G-7 colleagues are satisfied with having taken the topic as far as they could at the summit. The source told REUTER that the veiled reference to the issue in the communique is more than many thought possible. He said: It was good for the United States to hear from the six large trading partners how stubborn and ill-conceived its law is. The official revealed that on the previous day there was an extraordinarily vibrant and strong debate among the leaders on the issue and that President William Clinton himself admitted that the law is a problem. The same member of the Canadian delegation said that Ottawa and its G-7 allies would continue to oppose the Helms-Burton law, as well as U.S. legislation that imposes sanctions on companies that trade with Iran and Libya, through the WTO and other international organizations.

A French diplomat has said that although the G-7 declaration against unilateral trade measures is not legally binding, it does commit those who signed it to respecting the law. The French diplomat explained: U.S. President William Clinton will be obligated to use his discretionary powers to prevent the Helms-Burton law from being implemented.

Cuba: Call for Delivery of ICAO Documents to UN, Media

PA0207020896 Havana Cubavision Network in Spanish 0000 GMT 2 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the Cuban parliament, today called for the delivering to the UN Security Council members and the media of all the documents on the work of the International Civil Aviation Organization [ICAO] Council of the past few days.

In a statement to the media as he entered the UN building today, Alarcon said everything should be opened and put on the table so the truth may really shine. He said that in his opinion, the UN Security Council, which has demanded that the investigation requested by Cuba and the United States take place, should discuss the ICAO resolution, which has resulted from an analysis of that investigation, take into consideration the report, and consider all the points of view expressed at the ICAO Council. This is why, he said, Cuba is asking that the texts of the proceedings at those meetings be placed at the disposal of the UN Security Council and the representatives of the media.

Ricardo Alarcon said the only thing the United States can do in the face of this resolution is to try to ignore it, because, in good Spanish, the North Americans lost the Battle of Montreal and are stunned and are thinking about how to go into the next round.

It has been reported from New York that the report on the ICAO investigation asked by the Security Council on the incidents that ended with the downing of two pirate planes in Cuban airspace on 24 February is being expected today at the UN General Secretariat.

Cuba: Commentary Criticizes Report, Advises ICAO Council

PA2806171196 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jun 96

[Commentary by Orlando Contreras; from the "National Radio Newscast"]

[FBIS Translated Text] The International Civil Aviation Organization [ICAO] begins today in Montreal an analysis of the results of an investigation by an ICAO commission regarding the incident which occurred on 24 February 1996 in which two U.S. planes were downed by Cuban Air Force fighter planes. I am not going to dwell on the evidence presented Monday by Ricardo Alarcon, who leads the Cuban delegation in this Montreal meeting.

I want to insist on the fact that if the ICAO Council accepts the Yankee arrangement, or rules, or the strange clause which converts the 33 members of the Council into mindless [word indistinct] of the reports, who may only correct the reports' typos, this meeting would be senseless, because the functions assigned to the investigators by this arrangement would be to correct typos, which could be corrected by a second-class secretary.

It is a well-known fact that the ICAO is a UN organization. The UN Security Council ordered the ICAO to investigate the incident, and to report its findings to

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the UN Security Council. According to public, private, and international law, a technical investigation has to stick to basic procedures. One of these procedures is the equal treatment afforded the two parties. Let me explain. The committee cannot question Cuban witnesses, and base itself on the U.S. report regarding what unidentified witnesses say they did. If one of the two parties, in this case, the United States, does not submit its report on time, despite the ominous postponement of deadlines, and of documents as significant as the radar reports which alerted them before the occurrence of the incident, it is proof they are concealing or withholding evidence, and the investigators should have interpreted it that way.

As it is also well known, Cuba presented all its evidence, including tapes of the conversations of its pilots with their bases, and the tape recorder used to tape these conversations. With today's technological advances, it is easy to detect whether the tapes were doctored or edited. The United States, in turn, did not present tapes or a tape recorder, limiting itself to presenting the transcript of a [word indistinct] made to order to coincide with its interests.

To accept this as evidence, to say the least, is to go against the basic procedures, if not open complicity with the [word indistinct] party. It is a well-proven fact that the destruction of the U.S.-registered paramilitary airplanes, which took off from Florida, occurred in Cuban airspace, and crashed in Cuban jurisdictional waters.

If the ICAO Council does not challenge the investigating committee's report, cooked up behind closed doors by U.S. officials, it is encouraging the violation of Cuban airspace, the security of international civil aviation, and will [indistinct word] an affront to international law, in addition to damaging the credibility of an institution of the United Nations.

Cuba: Robaina on Visit to South Africa; Castro Invited

PA2806154296 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Jun 96

[Report by Jose Mayo; from the "National Radio News" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina is officially visiting Botswana today after concluding his visit to South Africa. Jose Mayo reports on the positive results of Robaina's visit to South Africa.

[Mayo] In South Africa, Foreign Minister Robaina met with President Nelson Mandela and with government officials and local leaders. Robaina also met with groups of solidarity and friendship with Cuba, and with Cuban doctors serving the South African population. He also visited several urban settlements, including Sowetho.

Additionally, President Mandela reiterated to Robaina his invitation to Commander in Chief Fidel Castro to visit South Africa soon.

During a telephone conversation, Foreign Minister Robaina highlighted the most important aspects of his visit to South Africa.

[Begin Robaina recording] In my opinion this has been a wonderful opportunity to exchange ideas. Our doctors, our diplomats par excellence, have opened a road that has made it easy for the politicians and the diplomats to establish communication. This road was opened by our Commander in Chief Fidel Castro when he visited this country on occasion of the swearing-in of President Mandela.

These events are such an important part of South African life that the South Africans want more. The doctors' presence and the past visit of Fidel is no longer enough. An overwhelming majority wants to increase relations. I believe that my visit to Pretoria, Johannesburg, and Cape Town and to important neighborhoods in Cape Town and Sowetho here, has allowed me to see all sectors of society, and to discover how interested they are in knowing about Cuba. Most of them say they doubt that they can some day repay Cuba for what it has done for them. I tell them there is nothing to repay because, in a way, we are the ones who are paying them back since Africa has done so much for us. [end recording]

[Havana Radio Havana Cuba in Spanish at 0000 GMT on 26 June reports: "This trip by Foreign Minister Robaina is being considered a preamble to the visit that Cuban President Fidel Castro will make to South Africa. The Cuban president has been invited by President Mandela and is being expected in that great country with fondness and appreciation."]

Cuba: Robaina Meets With South African Businessmen

PA2906171596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 27 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina met in Johannesburg today with South African businessmen during a stopover on his way back to Havana.

The meeting, sponsored by the government of Gauteng, which was attended by Prime Minister Tokio Sexwale,

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gathered more than 100 businessmen and representatives of the most important business firms in South Africa. Robaina explained the opportunities offered by Cuba based on respect and mutual benefit.

Meanwhile Sexwale talked about his experiences in Cuba and called on businessmen to show the economic and political independence of the new South Africa by establishing relations with the island.

Cuba: Communist Party, SRV Officials Meet in Hanoi

PA2906171796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 27 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] High-ranking officials from the Communist Parties of Vietnam and Cuba initiated talks in Hanoi today as part of their mutual interest in strengthening ties between the two countries and political organizations.

The delegations are headed by (Nguyen Duc Binh), member of the Politburo of the Vietnamese Communist Party, and by Jose Ramon Balaguer Cabrera, member of the Politburo of the Cuban Communist Party.

In the course of the first round of talks between the two delegations, Vietnam talked about the essential importance of strengthening solidarity among peoples and the political interest in facing the huge challenges that humanity must face.

Both parties spoke in favor of strengthening their ties of historic friendship and cooperation that exist between the two parties and peoples.

Cuba: Bahamas Ejects Illegal Immigrants

PA2906153396 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 26 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Today, Bahamian authorities returned 30 Cuban citizens, who had left our country illegally. This is the fourth group repatriated from that Caribbean island. Among them were 21 males, five females, and four children, who previously resided in Camaguey, Las Tunas, Holguin, and Ciego de Avila Provinces. With this step, the Bahamian Government continues to comply with the agreement signed in January of this year.

[Begin recording] [Reporter Marta Moreno] [Words indistinct] return?

[First unidentified speaker] Sure, all immigrants, no matter where they are, are not looked upon nicely.

[Moreno] Is this your family?

[First unidentified speaker] Yes, mama, she is my ...

[Moreno] What are you going to do now?

[Second unidentified speaker] Continue to work and try not to [word indistinct] again. What else can I do?

[Moreno] Do you have children?

[Third unidentified speaker] Yes.

[Moreno] Where are they?

[Third unidentified speaker] In Banes, Holguin Province.

[Moreno] Why did you leave them?

[Third unidentified speaker] Things that sometimes get into one's head. What can you do? [end recording]

Cuba: Division General Meets PRC Military Official

PA2906044996 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 22 Jun 96

[Report by Marta Morenog from the "NTV" newscast]

[FBIS Translated Text] Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces, has met in Havana at the Minfar [Ministry of the Revolutionary Armed Forces] with Colonel General (Xao Xiyo), deputy chief of the PRC Armed Forces Department, and his accompanying delegation.

[Morenog] Also attending the meeting were Division General Nestor Lopez Cuba and Brigade General Alvaro Lopez Miera. During the meeting, they discussed their experiences in political matters and other topics of interest to the two armies.

(Xao Xiyo) has said he was satisfied with the attention he has received in all the places visited these past five days. The Chinese delegation has toured the Camilo Cienfuegos Military School in Havana; here, students earn a degree in science and letters and leave with a top-notch military and political training that prepares them to enter the cadet schools. The Chinese officers were impressed with this teaching method and voiced interest in the center's curricula and other details.

The Political Department is regarded as one of the directorates of the PRC Army, which has more than 3 million soldiers. The rank of colonel general is the highest within the Armed Forces, and only 25 Chinese officers bear this rank.

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Cuba: Vice President Reviews Highlights of Italy Visit

PA2906145796 Havana Radio Rebelde Network in Spanish 1155 GMT 27 Jun 96

[Interview with Jose Ramon Fernandez, vice president of the Executive Committee of the Cuban Council of Ministers, by Marina Menendez Quintero, date and place not given; from the "Doing Radio" newscast — recorded]

[FBIS Translated Text] [Menendez] Good morning, listeners; good morning, Fernandez. How are you?

[Fernandez] Well, thank you. How are you, Marina?

[Menendez] Very well. We are aware that you concluded your visit yesterday and held many meetings in Italy. Can you tell us about some of your meetings there?

[Fernandez] It would be well to note that we held interviews with the people with whom we requested. I first want to separate, due to its characteristics, the meeting with the secretary general of the Communist Refoundation Party. This is the Communist Party after it was restructured following all the events that have taken place in Europe, which affected these parties.

Companero (Bertinotti) listened to us very attentively and fraternally. We spent nearly an hour and a half with him discussing topics of great interest and importance to (Bertinotti) and his party.

Likewise, we also met with Massimo D'alema. He is from the Democratic Party of the Left, which is a breakaway from the Communist Party. They obtained plenty of votes during the past elections and are part of the government. (Bertinotti) sent Fidel plenty of solidarity greetings and wished the Cuban revolution well and unconditionally supports everything we do.

I believe that the most important topic we discussed with him, as well as with many others, was the manipulation taking place in Canada by the International Civil Aviation Organization [ICAO], those associated with the ICAO, or those who can somehow avail themselves of this in connection with the incident of the two planes downed while violating Cuban airspace on 24 February.

[Menendez] I understand that this point was also included in your agenda in your meeting with (Walter Beltroni), the vice president of the Italian Council of Ministers.

[Fernandez] Indeed. All aspects of that point were discussed. We met with Antonio Fazio, who is a member of this same Democratic Party of the Left and is foreign relations vice minister; with D'alema, the party's secretary general and all the deputies; with (Di Pietro), who is the prosecutor dealing with the corruption scandal, known to all in Cuba thanks to the press. He is now the construction minister and is not a member of any party.

We also met with (Beltroni), who as you said, is vice president of the Council of Ministers. In addition to this topic, we discussed the Helms-Burton law, protection by the Italian Government of Italian investments in Cuba, and the important role Italy can play as a country in which the left plays a significant role in the government. In other words the Communist Refoundation Party, which is the Communist Party, and the Italian Democratic Socialist Party, which is a socialist party. Emphasis on this was made due to the assistance they can give us.

This is important to us, and the unconditional dialogue with the EU was stressed until a solution is found through one way or another. We left very clear in all our meetings that we will not resign our project or our socialism and that our sovereignty is not debatable or negotiable in any way.

These two aspects, regardless of whether those whom we spoke with agreed 100 percent or not, have been left very clear and reaffirmed as the revolution's line, in which there cannot be any sort of concession.

[Menendez] Of course. Doubtless, Fernandez, your visit was fruitful, and we thank you for your presence.

Cuba: Cuba Prepares To Access Internet Services by Aug

PA2906152196 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Jun 96

[Report by Beatriz Padron; from the "Evening Information Interview"]

[FBIS Translated Text] The Cuban Institute of Scientific and Technological Information, a section of the Cuban Ministry of Science, Technology, and Environment, is the organization charged with the technical administration of Cuba's assimilation of the services provided by Internet, the electronic information super highway that the island plans to access in a matter of months.

The first steps for Cuba's access to this powerful international communication system are currently being carried out, and the participation of the Cuban Institute of Scientific and Technological Information was outlined for this station by its director, Nicolas Garriga Mendez.

[Begin Garriga recording] Decree 209 was created and approved. It creates an interministerial commis-

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sion comprised of the Ministry of Justice, Ministry of Metallurgy and Electronics Industry, Ministry of Interior, Ministry of the Revolutionary Armed Forces, and Ministry of Science, Technology, and Environment. We think that this administration was given to our institution because of the experience we have attained in value-added services, meaning the basic services directly obtained through Internet. We have highly qualified personnel, even with experience acquired abroad, dealing with this service and the installation of the equipment. We must bear in mind these two variables, meaning the equipment, from the technological viewpoint, and the training of personnel to use these tools. [end recording]

Cuba's access to Internet involves a complex process of multiple facets. This entails, first of all, the hiring of the technology that will make it possible to connect the country to this international network, which comprises more than 11,000 networks in 20 countries throughout Latin America, Europe, and Asia.

[Begin Garriga recording] We think this should be settled by the end of the month, meaning July, and we intend to begin the exploitation of Internet's services, on a trial basis, effective 1 August 1996. In other words, we will have a month to bring in the necessary equipment, train personnel that have yet to be trained, and begin the services in a much more complete manner starting in September. [end recording]

Based on what is stated in the Council of Ministers' Agreement 209 regarding Cuba's access to world-wide information networks, the connection process to the Internet node will be gradually and selectively carried out, and it will encompass the whole national territory.

[Begin Garriga recording] We think that this decision was adopted bearing in mind that it is necessary to acquire, within a period of time, practical experience on the issue we are dealing with, and on which we will work. It is senseless to authorize or connect a given number of networks or computers, and then have different problems. This does not mean we will exclude any sector. We sent a proposal today to the different sectors of Cuba's society that should be connected to Internet. We are not talking about a few. We have identified approximately 10 sectors that should be connected in the first phase.

We see it is strategically wise to make this connection not only from Havana, or for Havana. It should be extended to the rest of the country, to the rest of the provinces, taking into consideration the provinces have recently achieved a scientific and technological development, even a commercial development. There is a vast array of products and services that are rendered in the provinces, and they should be publicized, for example, through this world-wide network. We also have scientists and technologists in the provinces, and they obviously need information to continue their work. Therefore, the fact that it will be gradually and selectively carried out in no way excludes a national connection. [end recording]

Cuba: Report Describes Work on New Air Terminal in Havana

PA2806193696 Havana PRENSA LATINA in Spanish 1940 GMT 23 Jun 96

[FBIS Translated Text] Havana, 23 Jun (PL) — Prompted by the growing influx of foreign tourists and seeking to meet today's international requirements for aviation services, Cuba has embarked on an ambitious project to build a new air terminal.

According to a report by the local television, work is currently under way to build the parking lot area, the foundation of the main building, and the bridge to the second floor of the two [not further specified] that the new airport will have.

The project, commissioned by the Cuban Civil Aeronautics Institute and implemented by several architects and engineers from different specialties, includes a 46-meter high control tower that will allow greater visibility and provide greater efficiency in air traffic control.

Metal structures and transparent panes that make better use of the sunlight characterize the building, which has a capacity for 4,500 travelers in its three waiting areas.

The building will also handle six medium and two large airplanes and will also have eight ramps so passengers will not have to cross the runway.

Among the other facilities highlighted by the television report are the construction of two floors to separate arrivals and departures.

The new terminal will have stores, restaurants, pizza parlors, exhibition halls, panoramic elevators, and a big parking lot, and will be an addition to the two that the Jose Marti International Airport already has.

Cuba: Number of Computer Viruses Detected Rises to 12

PA0207014496 Havana PRENSA LATINA in Spanish 1435 GMT 30 Jun 96

[FBIS Translated Text] Havana, 30 Jun (PL) — The appearance of the so-called golden rings [anillos dorados] virus raises the number of computer viruses detected in Cuba this year to 12, Jose Bidot, chairman of the National Commission for Data Protection, has said.

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Bidot has said that 127 viruses, 88 percent of which came from the exchange of information with other nations, have been reported in Cuba from March 1988 to date. The expert added that 24 out of the 30 most prevalent viruses in the world are in the plethora of Cuban microcomputer networks.

The amazing increase of viruses at the international level can be attributed, among other causes, to the development of software programs that have spread this plague, the publication of virus codes in books and magazines, and the existence of exchange data bases.

Computer viruses are segments of a computer program that when executed reproduce themselves, infect the computer and other programs, and are capable of altering or destroying floppy disks and hard disks.

Despite all these ills that invade the computer world, Cuba has all the up-to-date products, developed by local experts, to detect and decontaminate viruses.

Cuba: Politburo Member Reaffirms Single Party System

PA0207035496 Mexico City NOTIMEX in Spanish 1950 GMT 30 Jun 96

[FBIS Translated Text] Havana, 30 Jun (NOTIMEX) — Communist Party of Cuba [PCC] Politburo member Esteban Lazo reaffirmed today the Cuban authorities' decision to maintain the country's single party system.

In an interview with the regional weekly TRIBUNA, Lazo criticized those who are trying to give the government "lessons on democracy and multiparty systems" and argued that in Cuba "there are no other political parties simply because there is no social support for their formation."

In the face of U.S. aspirations to "annex" Cuba and the weird obsession to destroy the revolution, Lazo said it would be suicidal to divide our people, to break their unity" with the creation of political groups in addition to the official party.

"In Cuba, there is no real opposition to the revolution or the political program" of the party," said Lazo, who is also first PCC secretary of Havana City. He also said "there is room for varying opinions" in the party.

The political leader announced the official goal of strengthening the PCC leadership in this capital of 2.2 million people where 136,123 people are party militants. He said that strength depends on the prestige and discipline of the rank-and-file organizations.

"Certain cases of corruption" have been detected in recent months, he said. PCC "militants have participated" in these centers that use dollars, he said, but the offenders have been expelled and had to face legal charges.

He said militants who work with enterprises associated with foreign capital must serve as examples, and "the promotion of these models" has become a priority. He added: "We will never permit imported behavior or corruption of any kind, in or out of the party."

The lengthy interview published in a four-page supplement discussed the loss of and the increase in the number of party members, the differences in the functions of the party and the government, and the efforts made to improve the people's impaired standard of living.

He also spoke of the struggle against corruption and the political attention the PCC is giving to neighborhoods, where as a result of the economic crisis "our people are enduring a very difficult and dramatic situation, with its corollary of concern, anguish, and tension."

Cuba: Military Enterprise Readies for 11th Forum

PA2906155796 Havana Radio Rebelde Network in Spanish 1155 GMT 26 Jun 96

[Report by Maria de las Nieves Gallat; from the "Doing Radio" program]

[FBIS Translated Text] [Gallat] Like the rest of the country, military industrial enterprises are engaged in preparations for the 11th Science and Technology Forum. Colonel Eugenio Vals, the director of the Brigadier General Francisco Cruz Bousat Military Industrial Enterprise, tells us about such efforts.

[Begin recording] [Vals] Well, we are currently — during May and June — holding mini-forums at each of our basic units. There are truly a large number of significant proposals that have been discussed and developed by the workshops, brigade, and work teams, all basically grounded on the widespread implementation of results.

[Gallat] Are the workers actively involved in the solution of these problems?

[Vals] Practically, the highly positive results attained by our enterprise are due in part to the great effort conducted by the workers in finding solutions to each of the problems confronted. It has become the moving force, as we call the forum, which is supported by the Golden Hands movement, and the Golden Hands Specialists movement, the Technical Youth Brigades, the National Association of Innovators and Efficiency Experts, which plays a mayor role, and even the economists are an important element to calculate the results of the work center.

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[Gallat] In comparison to the 10th Science and Technology Forum, what goals have you set for this round of the forum?

[Vals] Basically, the main goal is the widespread implementation of results attained in previous years, and implementing new results immediately. [end recording]

Cuba: Holguin Province To Host 26 Jul Commemoration

PA0207014596 Havana Cubavision Network in Spanish 0000 GMT 30 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] The Politburo of the Central Committee of our party the evening of 28 June held an extended meeting to analyze the results achieved by the country, particularly since July 1995, to select the province that will host the main ceremony to commemorate 26 July.

After an intensive assessment of economic and social indexes registered in the territories and based on the assessments and proposals presented by the central government bodies and by the Central Committee's departments, the Politburo awarded Holguin Province the right to host the ceremonies to mark the 43d anniversary of the assault on the Moncada and Carlos Manuel de Cespedes Barracks.

Meanwhile, based on the great efforts and the general achievements attained, the Politburo agreed to give special and well-deserved recognition to Sancti Spiritus and Villa Clara as outstanding provinces.

The Politburo noted the work done by all our people, political and masses organizations, and government and party leaders throughout the entire country as part of their fraternal efforts to win the right to host ceremonies to mark the day of national rebellion.

The newspaper GRANMA will expand on this information on 2 July.

Cuba: Policies To Protect Society Against Drugs Cited

PA2806232096 Havana PRENSA LATINA in Spanish 1928 GMT 21 Jun 96

[FBIS Translated Text] Havana, 21 Jun (PL) — Cuban Justice Minister Carlos Amat today said Cuba has coherent, unequivocal, and tangible policies aimed at protecting society from the improper use of drugs and psychotropic substances.

At the closing of the first international seminar on the abuse of and dependence on psychotropic drugs, the Cuban minister said the National Drug Commission will oversee the activities in this area and will keep a constant watch on and will confront illicit drug trafficking.

This dependence, which involves the Public Health and Interior Ministries and other national institutions, makes us pay special attention to aspects pertaining to drug prevention and legal control to prevent undue deviations of precursor chemicals and essential chemical products.

"We have to work to establish and reinforce a national supervision on the legal supply of drugs and psychotropic substances in order to prevent their deviation to illegal channels, while guaranteeing enough amounts for medical and scientific uses," Amat said.

The minister affirmed that even though drug addiction is not a social problem in Cuba, the scourge's scope and aggression are known, "which has forced us to be further prepared in this field to step up our capacity for response and confrontation." Thus, he added, major efforts, despite the difficult, economic situation, are being made in the fight against this scourge as a means to preserve the achievements made in the health and education sectors.

Amat said the island is a signer of all international documents that have been drafted for drug affairs. He said Cuba a few days ago approved the 1988 UN Convention Against the Trafficking of Illegal Drugs and Psychotropic Substances. Referring to this international convention, the justice minister said that it plays an essential role in the world's confrontation against this phenomenon and that developed countries' aid is necessary.

"It is necessary," he affirmed, "to develop a local ability to plan and coordinate effective policies and programs for supervising drug affairs and strengthening the institutions in charge of implementing them."

The Cuban justice minister said, however, priority support and cooperation must be given to those countries whose capability is insufficient to effectively respond to the drug threat.

He said the Havana seminar was a true example of international exchange among people devoted to the fight to exterminate this serious threat to humans' health and well-being.

"The experiences voiced in this meeting undoubtedly enhance our knowledge, but it is very stimulating to know there are humans devoted to this fight who are determined to achieve success and convinced it is possible to have a drug-free, healthy, and prosperous world," he concluded.

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Cuba: Drug Confiscation Operations Detailed

PA2906171896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 27 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] A total of 11 foreign citizens were arrested between 6 and 30 May while trying to use Cuban airports and maritime areas for international drug trafficking activities. A total of 23 drug confiscations off Cuban coasts took place between January and May of this year.

The first case of a person trying to use our country for heroin trafficking to a third country was detected on 6 May. A Colombian tourist flying in from Santa Fe de Bogota was arrested that day. He was trying to smuggle 1.6 kg of heroin concealed inside a teddy bear into the United States via Toronto, Canada.

A Colombian and two British citizens flying in from Colombia, who were trying to smuggle 2.6 kg of cocaine to Europe were also arrested by the Cuban Customs Office and the Interior Ministry.

In addition, border patrol units from the Interior Ministry confiscated two fast boats north of Moa, Holguin Province, while carrying out their international drug-trafficking activities between Jamaica and the Bahamas. Three Bahamians, three Jamaicans, and a Colombian were arrested in these naval operations.

A total of 792.7 kg of marijuana, 511.4 kg of cocaine, 12.2 kg of hashish, and 2.4 kg of marijuana seeds were confiscated from them.

The Cuban authorities informed the proper authorities of the countries involved of these incidents, while the proper consular paperwork and investigations are conducted.

A total of 113.5 kg of marijuana, 77.7 kg of cocaine, and 12 kg of hashish were confiscated in these operations. The most adversely affected provinces were Pinar del Rio, Holguin, Villa Clara, and Ciego de Avila.

Cuba: Electrical Plants Damaged; Blackouts Reported

PA3006002496 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 96

[From the "National Radio News" program]

[FBIS Translated Text] The Electrical Transmission and Distribution Enterprises Union reports that damage to two of the country's leading electrical plants is behind those blackouts that have lasted longer than expected over the last 48 hours. Workers are working around the clock to repair the damage and restore service within the next 48 hours.

Cuba: Radio Reports on Cattle Rustling, Economic Crime

PA2906155996 Havana Radio Rebelde Network in Spanish 1155 GMT 26 Jun 96

[Commentary by Police Major Angel Diaz; from the "Doing Radio" program]

[FBIS Translated Text] As we said before, today we are going to broach several issues on our regular segment.

First of all, we will discuss cattle rustling and slaughter and illegal possession of knives. Several raids have been conducted in Havana, and we have seized 76 knives in the possession of diverse individuals engaged in lives of crime, or in possession of these types of weapons which, as has been said many times, is completely illegal and punishable under the law.

The police and other bodies have worked in several provinces to halt cattle rustling and slaughter.

On another occasion, we will broach several cases that have in common lack of vigilance and controls in different parts of the country.

Now, onto another subject: On 10 de Octubre Municipality, a fuel truck driver was arrested carrying 2,400 liters of industrial alcohol. This alcohol, destined for the use of the population, was diverted to be sold illegally and for other activities such as illegal rum production and sale. Another two people were also arrested in connection with this case. The truck belongs to an enterprise in Havana.

In Playa Municipality, there were similar operations, and in Sancti Spiritus Municipality, there was a similar case and the local police recovered over 95,000 pesos, and $2,100, three cars, and two motorbikes, which are the direct result of these illegal activities.

This shows the efforts that are being conducted against this type of economic crime, which hurts the economy and promotes corruption.

Finally, regarding traffic news: From April to May, the national traffic police department, together with patrols and other police units have confronted all the infractions still found on the roads and also violations by drivers, pedestrians, and cyclists. On large roadways such as 5th Avenue and others, more than 3,000 tickets have been issued, and 372 vehicles been towed away for different infractions.

In other sections of Havana, more than 8,000 warnings, and 542 tickets have been issued and 96 drivers'

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licenses have been rescinded for different violations and infractions.

The efforts continue against crime and every type of traffic infraction.

Cuba: Cubavision, Tele Rebelde Note Summer Programming

PA0107125996 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 29 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Cuban television will begin its summer programing on 1 July. More than 1,000 hours of broadcasting are an effort by the country to facilitate people's entertainment amid the current economic situation. Starting on 1 July through 1 September, Cubavision will broadcast uninterruptedly from 1220 midday into the evening, with varied programming for all tastes and ages. This was announced today in a news conference by Television Vice President Ovidio Cabrera.

Tele Rebelde will become an Olympic channel from 19 July, when it begins to broadcast that sporting event. You will have summer programming details in tomorrow's midday newscast and in "Teleadvances" following "Saturday Hits."

The next "Open Agenda" program will be dedicated to summer television and the Olympic games.

Cuba: Nonfulfillment of Sugarcane Goals Discussed

PA2906161896 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jun 96

[Commentary by Diosdado Maso; from the "National Radio News" newscast]

[FBIS Translated Text] It is certain that the sugarcane-planting program will not be completed by the end of June. This news has already become known to sugar experts and agro-industrial sugar mills, which were unable to complete this task and which will have a great impact upon the growth of sugarcane during the upcoming harvest.

Although the resolve exists, more than 1,500 caballerias will not be planted because the land has not been plowed for the first time yet. Now it is practically impossible to do this.

Only the provinces of Guantanamo, Santiago de Cuba, Sancti Spiritus, Holguin, Las Tunas, and, to some extent, Matanzas and Havana, will be able to complete the sugarcane-planting program by 30 June.

This is a very harsh reality if we take into consideration that the sugarcane that was planted did not receive all of the care that had been expected. I refer to the crops that allow the oxygenation of the roots of the sugarcane plantations.

This is a rehabilitation process that, as the word itself indicates, rejuvenates the weakened sugarcane plantations. I also refer to the nitrogen fertilization of the sugarcane shoots, which will provide the largest yield in the 1997 sugarcane harvest.

As of 1100 today, only 90 percent of the nitrogen fertilization of shoots has only been completed. This is the most serious instance of nonfulfillment of the plan, because nitrogen should be applied right now. This fertilizer, planted underground on both sides of the sugarcane roots, is precisely what encourages growth.

According to Minaz [Sugar Industry Ministry] figures, the provinces of Havana, Cienfuegos, Ciego de Avila, Camaguey, Las Tunas, and Holguin will not complete the nitrogen fertilization process before 30 June.

Unquestionably, cleaning, planting, replanting, and fertilization activities should absolutely become more and more a definite number-one priority.

Cuba: Politburo Members' Activities Through 27 Jun

PA2906011696

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 27 June.

In Las Tunas Province, Politburo member Pedro Ross Leal, secretary general of the Cuban Workers Federation, has called on workers to cut 1.2 million arrobas of sugarcane daily. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 21 Jun 96)

Revolutionary Armed Forces Minister Raul Castro has visited the Army's 50th Division and the Baragua Monument. Raul Castro was accompanied by his brother, Ramon, and Jorge Luis Sierra, first secretary of the Communist Party of Cuba in Holguin, and Division General Ramon Espinosa Martin, commander of the Eastern Army. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 22 Jun 96)

Politburo member Maria de los Angeles Garcia has attended a municipal assembly meeting in Havana where problems and solution proposals were discussed. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 23 Jun 96)

Politburo member Division General Ulises Rosales del Toro has visited the tank unit of the Central

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Army. Lieutenant Colonel Geronimo Miguel Suarez, commander of Unit 1410, has briefed the visitor on the characteristics of this unit. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 25 Jun 96)

Politburo member Sugar Industry Minister Nelson Torres has presided over a ceremony to mark the end of the 1995-1996 sugar harvest in Camaguey Province. (Havana Radio Rebelde Network in Spanish 1700 GMT 25 Jun 96)

Politburo member Division General Ulises Rosales del Toro has presided over a ceremony in Havana to give diplomas to 200 military science graduates. (Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jun 96)

Nelson Torres has called for a doubling of efforts in the sugar program so as to increase production during the first two weeks of July in Ciego de Avila Province. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 Jun 96)

Cuba: Roundup of Sugarcane Developments Through 1 Jul

PA0107160096

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 1 July.

Guantanamo Province has been helping out with the last leg of the sugar harvest in Las Tunas Province. Since the end of May six brigades from Guantanamo Province have sent more than 500,000 arrobas to the Antonio Guiteras complex. This is called Operation Alejandro and they hope to surpass the 1-million-arrobas mark. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 22 Jun 96)

Camaguey Province biofactories are determined to have all seeds classified by 1998. There are already more than 1 million in vitro plants in the Camaguey biofactory out of the 4 million promised for this year. This 4 million is equivalent to 50 percent of what was planned at the national level. The diminutive plants will guarantee a survival rate of between 95 to 98 percent, which will allow a considerable reduction in planting losses. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 22 Jun 96)

Sugar Industry Minister Nelson Torres called from Las Tunas Province for all the country's sugar workers to break the 30 June barrier, and continue planting during the first half of July. Statistics show over the years that sugar agriculture work comes to a standstill on 30 June, but Torres said that this barrier needs to be broken, and thus no distinction should be made between 30 June, 1, 2, or 3 July. Torres also spoke of the benefits of using oxen for the sugar harvest, especially when the sugarcane grows too high and can easily be damaged if mechanical means are used. (Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jun 96)

Sugar Industry Minister Nelson Torres, in statements from Ciego de Avila, called for the workers to increase sugar work contributions, and to extend this to the first half of July. He asked workers to keep up the current effort. Several provinces will reach 30 June with delays in several sugar-related activities. In Ciego de Avila there are still about 800 caballerias waiting to be planted. There are still 1,300 caballerias that need to have weeds removed. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 Jun 96)

Students from all over the country will join labor brigades during July and August. Their work is now considered essential. More than 95,000 students will take part in student work brigades this summer, and close to 1 million pioneers will support raw material collection work. They are expected to collect 500,000 pesos through the recovery of used notebooks and other products. This student force will also give a considerable boost to self-sufficiency in schools, which will guarantee food for the upcoming school year. The public health sector will have the help of 8,600 students during July and August, while sugar works will have 17,000 mobilized students. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 Jun 96)

Matanzas Province completed its sugar-planting plan, totalling 1,300 caballerias, one of the country's highest. Thus, 500 additional caballerias are ensured for the next harvest. Ciego de Avila has already completed its clean-up plan. (Havana Cubavision Network in Spanish 0000 GMT 30 Jun 96)

Dominican Republic

Dominican Republic: PLD's Fernandez Wins Election

PA0107145696 Mexico City NOTIMEX in Spanish 1344 GMT 1 Jul 96

[FBIS Translated Excerpt] Santo Domingo, 1 Jul (NOTIMEX) — Leonel Fernandez Reyna, who is the presidential candidate of the Dominican Liberation Party (PLD), was proclaimed today as official winner of yesterday's presidential elections in the Dominican Republic according to the official final results.

After counting 99.63 percent of the 9,946 electoral districts, the Central Electoral Board (JCE) reported that Fernandez had obtained 51.25 percent of the valid

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votes (1,461,010) while Jose Francisco Pena Gomez had obtained 48.75 percent (1,389,717 votes).

According to the JCE's final report, Fernandez Reyna will become the next Dominican president after he defeated social democrat Pena Gomez, the candidate of the opposition's Dominican Revolutionary Party (PRD), at the elections.

The PLD candidate, who is a 43-year-old attorney, will replace President Joaquin Balaguer next 16 August. Balaguer has ruled over this island for seven terms in 24 years, which were marked by a high rate of corruption, authoritarianism, and repression.

Fernandez Reyna, who will rule this country during the next four years, will have to seek once again the support of Balaguer, who leads the Social Christian Reformist Party (PRSC), because he has very limited influence at Congress.

The PLD only has one senator out of 30 and 12 deputies out of 120. The legislative elections are scheduled to be held in May 1998. [passage omitted]

Dominican Republic: Pena Acknowledges Fernandez Victory

PA0107223796 Madrid EFE in Spanish 2042 GMT 1 Jul 96

[FBIS Translated Text] Santo Domingo, 1 Jul (EFE) — Jose Francisco Pena Gomez, the defeated presidential candidate, admitted today the electoral victory of his political opponent, Leonel Fernandez, but declared himself "a moral winner by the people's vote."

Pena Gomez said in his first remarks after the election: "We will make a firm, daily, and tenacious yet fair, honest, and constructive opposition" to demand the modernization and development of the Dominican Republic.

Pena Gomez, leader of the Dominican Revolutionary Party (PRD), said to the president-elect: "Your mandate is not unanimous. Half the Dominican people did not vote for you."

Pena Gomez said that he is "a man without rancor, hatred, or lies" and that "God will be the one who will hold the winning party accountable for the wrongs done to me and my followers."

The defeated candidate, accompanied by the most prominent leaders of the organizations that have supported him, said: "Our opponents used en masse the resources of the Dominican state, which is managed by a corrupt, court oligarchy."

Pena Gomez said: "These and other indescribable abuses came about by steering the vote in the favor of Fernandez, the candidate of the Dominican Liberation Party [PLD]."

Admitting his defeat, he said: "We will not haggle over this laborious victory of our opponents, but (...) we will not renounce our duty to keep struggling for the establishment of democracy in our country." Nevertheless, he demanded that Congress reform the Constitution so the next elections can be fair and so the government can be kept from using the state's resources and media.

He demanded a constitutional reform that can "make it impossible in the immediate future for any presidential candidate to confront the difficulties that I have encountered, such as the unification of television channels that has kept my messages from reaching the entire country." He also said the reform should "keep a president from using state money (...), an Armed Forces helicopter, and vehicles of other ministries."

The PRD leader affirmed: "In life, it is necessary to learn to win and to lose. (...) For this reason, I want to affirm that we will respectfully heed the Central Electoral Board's [JCE] verdict."

Pena Gomez ruled out the possibility of his party cooperating in the formation of Fernandez' government.

After Pena Gomez' remarks, the JCE released the last preliminary bulletin, in which the PLD, in alliance with Joaquin Balaguer's Social Christian Reformist Party, received 1,464,834 votes, or 51.25 percent, and the PRD received 1,393,130 votes, or 48.75 percent.

According to Dominican law, the JCE must officially proclaim the victory of the candidate who, according to the Constitution, will replace Balaguer as president on 16 August.

Despite these adverse results, the PRD has urged its followers to "remain calm and try to analyze the causes of the results of the runoff election."

Dominican Republic: Fernandez Offers Government of Unity

PA0207003796 Madrid EFE in Spanish 2245 GMT 1 Jul 96

[FBIS Translated Text] Santo Domingo, 1 Jul (EFE) — Dominican president-elect Leonel Fernandez, winner of the 30 June election, today offered a government of national unity and thanked the leader of the Dominican Revolutionary Party [PRD], Jose Francisco Pena Gomez, for having acknowledged defeat.

Fernandez said in a news conference his planned administration will include members of the PRD, the

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Social Christian Reformist Party [PRSC], "and, as such, all Dominicans."

"We have lowered the partisan flag and have raised the national flag, because this is the moment for the unity of the Dominican family and for looking forward to our nation's future with optimism," Fernandez said.

Thanking his political contender for his attitude, Fernandez said he would also seek Pena Gomez's advice, "because Pena Gomez has contributed enormously toward the democracy of the Dominican Republic."

"I will always seek his counsel, orientation, and ideas."

Asked whether his term would be independent of Dominican President Joaquin Balaguer, Fernandez guaranteed his administration would be independent, because Balaguer has said he has "unconditionally" backed Fernandez' candidacy.

Fernandez said his position always will be to call Pena Gomez, to consult with Balaguer, and to seek shared, feasible formulas for the country.

As for his administration's relations with Haitian authorities, Fernandez said he will continue to honor the agreements previously made by Haitian President Rene Preval and Dominican President Joaquin Balaguer.

Dominican Republic: Fernandez on Preliminary Results

PA0107133196 Madrid EFE in Spanish 0422 GMT 1 Jul 96

[FBIS Translated Text] Santo Domingo, 1 Jul (EFE) — Dominican Leonel Fernandez, who is the presidential candidate leading in the preliminary results of Sunday's elections, expressed today his "satisfaction" for having "contributed to some extent to the development of democracy in the Dominican Republic."

The candidate made these statements a few minutes after the Central Electoral Board (JCE) issued its third official communique on the results of past Sunday's elections, which gave Fernandez an advantage of 51.2 percent of votes over Jose Francisco Pena Gomez, who obtained 48.8 percent.

Fernandez is running as a candidate for the Dominican Liberation Party (PLD), which is an ally of Dominican President Joaquin Balaguer's Social Christian Reformist Party (PRSC). During a second electoral round on Sunday, Fernandez contended with Pena Gomez of the Dominican Revolutionary Party (PRD).

"We always hoped" — Fernandez told his followers at his party's headquarters — "that these elections would not become a continuity of the May 1994 electoral crisis (which were marked by the PRSC's charges of fraud), but rather that they would become a democratic festival."

"I believe that this has occurred" — Fernandez said — "because these elections were honest and the people have spoken during them. If the JCE's final results indicate that there has been a victory by a majority (of votes), let it become known henceforth that this constitutes everybody's victory."

Fernandez spoke to his followers, who are rejoicing over the preliminary results. He asked them to "avoid mobilizations on the streets, because PLD members should become an example of common sense to their" political "opponents."

Haiti

Haiti: UN To Set Up Support Mission for 5 Months

PA0207033796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 1 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The UN Support Mission to Haiti will be established in Haiti for five months with about 1,300 people. It will include approximately 1,000 military personnel, mostly Canadians, so it may continue to support the work.... [pauses] professionalization of the Haitian National Police.

The head of the Civilian Mission, Collin Granderson, has said in an interview to a Miami newspaper that it is important for the United Nations to remain in Haiti. THE MIAMI HERALD has reported the statements of several personalities, such as President Rene Preval, who has said he would like for the United Nations to remain in Haiti. [passage omitted]

Haiti: Preval Comments on UN Support Mission in Haiti

PA0207030896 Port-au-Prince Signal FM Radio in Creole 1130 GMT 1 Jul 96

[From the "0730 Appointment" newscast — remarks by Preval, unidentified reporter in French]

[FBIS Translated Excerpt] Rene Preval is satisfied with the UN Security Council's decision to establish a new mission, the UN Support Mission in Haiti [Manuh], in Haiti:

[Begin recording] [Preval] Happy birthday to all residents of Petion-Ville. I have made it a point to come celebrate this feast, this nice feast with them. What makes me confident is that I see that the people of Petion-Ville support City Hall's efforts, participate in City Hall's efforts and in the efforts of the police to better themselves

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even if City Hall does not have at its disposal all the available means.

[Reporter] President Preval, the UN Mission in Haiti has completed its mission and has been replaced by the Manuh. What is your opinion about the new UN mission?

[Preval] I am the one who has made the request, so if I make a request and it is met, I believe it is a good decision that will help us continue reinforcing the police, the Department of Justice, and the institutions.

[Words indistinct] it is our responsibility to bring about the laying down of arms. We have already undertaken several disarmament campaigns and have invited the people to come to each police station and report the known location of weapons, because when.... [pauses] Neighbors know about the individuals who have weapons (?in that neighborhood). We can carry out investigations but have asked for the people's help. Investigations will be carried out once somebody who knows where weapons are reports that information to a police station.

[Reporter] As for the $20 million that are always in the headlines, there are people who think a formal commission should be established to investigate what happened to this money. Any comment?

[Preval] I do not have the documents on that issue with me now, but the file is clear; all the details are included in it. [end recording]

Haiti: Aristide Views Release of Constant, Globalization

PA2906170096 Port-au-Prince Radio Metropole in French 1045 GMT 27 Jun 96

[From "The Morning Newscast"; passages in boldface recorded in Creole]

[FBIS Translated Excerpt] [Announcer Rotschild Francois, Junior] President Aristide was the star of state-owned television and radio on the night of 25 June. Former President Aristide criticized the recent release of Emmanuel Constant by U.S. authorities.

The former president of the Republic tackled several issues during this interview with Television Nationale d'Haiti [TNH] and Radio Nationale. The president talked first about the accusations brought against the organization "Family Is Life" and other organizations linked to his movement. Following the accusations brought against "Family Is Life," the main institution... [pauses] social organization supported by the former president of the Republic, he commented on these accusations:

[Aristide, in progress] **...not accusations, not unfounded accusations like what is being done here, that is slander [sa vle di: voye monte], a mutual fight, telling lies, pointing accusing fingers at others without evidences. These actions are worthy of scoundrels. Accusations without evidence are worthy of scoundrels, little inexperienced politicians. This is worthy of people who are crazy for power and who do not know what learning democracy means.**

When you have documents in your hands, you (?must) check with the concerned persons in order to know why such and such projects have not yet been executed. If you go to the Parliament, for instance, you will see that documents have been entrusted so that [word indistinct] when they vote on them, the money will then be able to be used for such and such.

There are other valid reasons that can explain the slowness in the execution of these projects. If the case arises, you should not make accusations, but instead you should take note of what you see and work so it can progress and speed up.

[Francois] The former president of the Republic also tackled, during this interview, the burning issue regarding the release of Emmanuel Constant, former Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] leader, by the U.S. Justice Department. Former President Aristide criticized this decision:

[Aristide] **When they released Emmanuel Constant, it was a slap against justice in our country, true, but you must not let that demoralize you so much that you might give up and cross your arms. It is the very moment for you to remember that it is your responsibility to take care of your business [Se ato pou sonje ke se met ko'k veye ko]. The one whose corn is being dried in the sun must always be the one looking for rain.**

You have been victimized; justice has not been administered while criminals have been released. Fly off the handle [ranmase karakte'w], meet with victims like you, look together for how you will be able to participate, to demand your participation by giving your opinions, by giving information, by refusing to be intimidated.

This is also a way for them to reinvigorate the macoutes, the criminals involved in the coup d'etat, who pierced the tires of our vehicle of justice in order to make the machine stop. Do not let it stop. [passage omitted]

[Francois] These were statements by former President Jean-Bertrand Aristide, who gave this interview to two state-owned media. Since the end of his mandate, President Aristide has never given interviews to the independent private media.

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[Announcer Clarens Renois] You are right, Rotschild. By the way, you said it: The former Haitian head of state was the star on TNH and Radio Nationale, during a very long interview of nearly two hours, which left the public thirsty.

The 120 minutes of this interview, which took place in the superb offices of the former priest to the poor, were used to allow Jean- Bertrand Aristide to talk first about himself, about his tours abroad, about the news conferences he gave in Europe and at U.S. universities.

Concurrently visionary, political analyst, and economic advisor, Jean-Bertrand Aristide was invited by two journalists from state- owned radio and television to deliver his message, his viewpoint, and his vision about the situation in the country and of the world.

"Titid, what do you think? How do you see the future of the world? How do you see the future of Haiti in the next few years? Globalization and the worldwide application of the economy were reviewed by the former president. Jean-Bertrand Aristide was invited to make comments on structural adjustments, debt, South- South relations, North-South relations, and so on.

As regards the national events, he gave his opinion on the demobilization of the population and the march of the former military. However, the big issues were never raised in this long, sometimes accommodating interview anyway. It was conducted with much timidity, we would say, much deference, and much politeness.

Visibly, it was not at all a question of embarrassing the former president, who showed himself at ease in answering the questions behind his big desk surrounded by hundreds of books in his beautiful residence at Tabarre.

Many questions were not tackled — undoubtedly — voluntarily, except those that allowed Aristide to justify himself before the public.

Finally, the former president kept — we would say — the same vision about the great powers by saying, for example, laboratories, in order not to directly cite the name of the United States — if one refers to his previous statements, he was often speaking of laboratories and meaning the United States. The president or the former president nevertheless showed himself less bitter, less assertive while speaking of the great powers.

He perhaps showed in this interview that he remains the man of the moment in Haiti, that he still has much authority and power over Radio Nationale and TNH.

Haiti: Aristide Criticizes U.S. Handling of Constant

PA2906041696 Port-au-Prince Signal FM Radio in Creole 1130 GMT 27 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] Former Haitian President Jean-Bertrand Aristide in Port-au-Prince on 26 June criticized the release by the United States of Emmanuel Constant, former leader of the paramilitary organization the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH], which was closely associated with the former military regime in Haiti, and who is wanted by the Haitian Department of Justice for common crimes.

This threat is a serious one against the dignity of the Haitian people, said the former president in Creole in an interview he gave in his home to the state-owned radio and television stations. He has said the repression of the military coup d'etat has caused the deaths of about 5,000 people in Haiti.

The former Haitian president comments from Tabarre:

[Begin Aristide recording] True, it is a slap in the face for justice in our country when they release Emmanuel Constant, but you must not let that action demoralize you so much that you might fold your arms and give up. Now is the time for you to remember that it is your responsibility to take care of your business. The one whose corn is being dried in the sun must be the one to watch for the rains.

You have been victimized. Justice has not been administered to you, whereas criminals have been released, confront victims such as yourselves, look for ways to get you involved in their activities. They demand your participation, feed you information. You must refuse to be intimidated. This is also a way for them to resurrect the macoutes, the criminals involved in the coup d'etat while they pierce the tire of our justice, flatten it so our wheels of justice will stop. Do not allow it to stop. [end recording]

Jean-Bertrand Aristide has called for unity among all Haitians living in Haiti and has exhorted them to remain demobilized [as heard], particularly regarding the problem of insecurity plaguing Haiti, and he has invited Haitians to come together so we may boost the economy.

Former President Aristide has made these statements during this interview from his home in Tabarre. [passage omitted]

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Haiti: Activists Criticize U.S. Move on Constant

PA2906041896 Port-au-Prince Signal FM Radio in Creole 1130 GMT 26 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The release of Emmanuel Constant, whom the U.S. Immigration and Naturalization Service has arrested, clearly demonstrates that there were complex ties between Washington and Haitian extremists, according to certain activists. Groups of Haitians living in the United States say they suspect Washington of having orchestrated an agreement to allow Emmanuel Constant to keep quiet about the ties everybody knows he had with the CIA.

Constant, who founded the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH].... [pauses] It is inconceivable for Haitians to be so credulous and passive, said Kim Yves, a journalist and member of the Network of Support for Haiti. She added: In no way can I conceive of the acquittal, the release with so much impunity of someone who is so much involved in and accused of crimes.

The State Department announced last week that it cannot extradite Emmanuel Constant to Haiti for the time being, that it would be too heavy a burden for the county's judicial system. [passage omitted]

Haiti: Organization Clarifies Use of Government Funds

PA2906162196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 28 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The Alpha for Development Organization [OAD] has explained about the question of the 30 million gourdes it received from the Haitian Government, says Gaston Pierre-Louis, national coordinator of this organization. He notes that he received the authorization of Jean-Marie Cherestal, the planning minister of the Werleigh government, who authorized at the same time the release of this money in March.

AOD made this clarification during a news conference it held on 27 June at the conclusion of a training seminar for some trainers who will participate in the literacy program in Haiti. About 30 people received training and will train in turn 5,000 other teachers, who will teach 100,000 people in the country how to read and write.

[Begin Pierre-Louis recording] AOD asked the Haitian Government for 40 million gourdes for a literacy campaign in 10 months. The Haitian Government did not give it all 40 million gourdes. The Haitian Government gave AOD 30 million gourdes. It is with this 30 million gourdes that we have been organizing activities since December, and we will carry on with these activities so we can (?respect) the time limit we gave ourselves. We asked the Haitian Government for the money. The government gave the money. The funds were not paid under the first government that gave it. The second government, the Preval-Smarth government, allowed us to... [pauses] agrees to the release of the money. So, it is the Haitian state that gave us the money under the Preval government. [end recording] [passage omitted]

Haiti: Prime Minister Comments on Establishing Security

PA2906041796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 24 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] The government is preparing to adopt the appropriate measures to restore a climate of stability in the country. Prime Minister Rosny Smarth has reaffirmed the team's willingness to work on establishing security in Haiti. Efforts in this regard are being made in the Haitian National Police [PNH], according to the prime minister.

Saying that the Haitian police force is young, the head of the government hopes the policemen will be able to carry out their duties properly in Haiti. Prime Minister Rosny Smarth, speaking during an exclusive interview he has given to Signal FM, has said he is very confident a climate of peace will be established in the country:

[Begin Smarth recording] The government is making significant efforts, as is the PNH. I believe the past days have clearly demonstrated that the government, particularly the PNH, is making significant efforts to fight insecurity. The police force is young; it needs to be strengthened. We are working on this problem night and day and have the support of the international community, particularly that of certain countries, such as Canada, France, and the United States, that are supporting us by training the police directly. We believe the police and the police investigation system will be strengthened; thus, I am confident, optimistic that we are moving forward to establish security in the country. [end recording]

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Haiti: Preval Visits Cite Soleil Area, Road Site 26 Jun

PA2906025796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 27 Jun 96

[Report by Kenol Dorvil from the "0730 Appointment" newscast]

[FBIS Translated Excerpt] [Unidentified announcer] President Rene Garcia Preval visited the Cite Soleil area on 26 June. The head of the executive visited Duvivier, in the plain, and the surrounding areas where he went to see the planned site for the road designed to link Sources Puantes, downtown, and Carrefour. Preval also visited the Cite Soleil wharf. The residents of the areas he visited said they were very happy about the government's willingness to build a new road in the area. Kenol Dorvil reports.

[Dorvil] President Rene Preval once again went to National Highway No. 1 where the U.S. military will begin building the road leading from the Haitian American Sugar Company [HASCO] through Cite Soleil to Bon Repos with the objective of relieving traffic congestion along the highway. Preval said the members of his government are discussing with U.S. technicians, who will use (?specialized) material, the building of a four-lane road that will cost $10 million.

President Preval says they are discussing financing with the World Bank. The duration of the road construction is set to last from nine to 14 months, according to Leslie Voltaire, a member of the team working on how to relieve traffic congestion along National Highway No. 1.

Preval comments:

[Begin recording] [Preval] The road will come from behind HASCO, will cross the railroad tracks, pass through Cite Soleil, and terminate at Bon Repos. This road will allow us to relieve traffic congestion along National Highway No. 1, because this road is too small. It is a road.... [pauses] We will make it.... [pauses] We are discussing a four-lane road. We are discussing whether it will be a four-lane or two-lane road. I want it to be a four-lane road, because the people will immediately start building along a two-lane road, and difficulties will arise when it is decided to build a four-lane road.

[Unidentified reporter] [Words indistinct]

[Preval] The U.S. military, the U.S. Corps of Engineers. [end recording]

[Dorvil] Furthermore, President Preval disclosed additional details about the construction of the Fort-Dimanche public market, which is still one of the government's priorities following the municipal order authorizing the demolition of all warehouses built along the La Saline Road. [passage omitted]

During his visit, President Preval visited the Sainte Catherine Hospital, which is located in Cite Soleil and which has been closed. At the people's request, the head of state promised to reopen the health center on 4 July. Before going to the National Palace, Preval also visited the warehouses that have been demolished in La Saline. [passage omitted]

[Announcer] Preval did not comment on the amount of money that will be needed, about $5 million [as heard], for the construction of this new road, which will lead from the Sources Puantes area to Carrefour.

Haiti: President Preval Visits Petion-Ville 30 Jun

PA0207032596 Port-au-Prince Signal FM Radio in Creole 1130 GMT 1 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] President Rene Preval on 30 June visited Petion-Ville on the occasion of the Feast of Saint Peter, the patron saint of Petion-Ville. Many personalities and members of the government and monks met in Petion-Ville to celebrate Saint Peter's Day.

The main celebrant, Monsignor Christophe Pierre, the apostolic nuncio, invited the people of Petion-Ville to follow the example of Saint Peter, who was self-taught. Furthermore, the representative of the pope in Haiti asked the residents to work jointly in favor of the community. [passage omitted]

A mass was celebrated on 30 June. At the conclusion of the mass, President Preval visited several institutions in Petion-Ville, particularly City Hall, the police station, and the public market. The head of state applauded the alliance formed between the police and City Hall regarding the new traffic plan. Vendors spoke with the Haitian president and asked him to rebuild the public market so they may have a place to sell their goods; they also said they were happy to meet with Preval. [passage omitted]

In his conversation with the vendors, Preval said he heard their demands. He spoke to them about the law on the territorial communities which has already been voted on and which will allow the autonomy of city halls, and he promised that other projects, such as the verification of title deeds, will be carried out.

Said Preval:

[Begin Preval recording] We have bills. I believe one of them has already been voted on; it is the bill

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that allocates to city halls revenue derived from taxes on cigarettes, luxury goods, and so on. These funds will go directly to your hands. In addition, there is the modernization of state-owned enterprises, which provides for everyone a percentage of the sale of those enterprises.

We must carry out the identification campaign of developed properties so the autonomy of the communities, decentralization, may become a reality. [end recording]

Haiti: Preval, Smarth Receive IDB Delegation 30 Jun

PA0207024196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 1 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] Inter-American Development Bank [IDB] President Enrique Iglesias is making a 48-hour visit to Haiti. He arrived in the country on 30 June.

The IDB president arrived heading a high-level delegation comprised by the regional director and four other directors, including Mr. (Causac) of France, Mr. Lavigueur of Canada, Mr. (Breteilly) of Argentina, and Mr. (Shimon) of the United States. They already met with Haitian President Rene Preval and Prime Minister Rosny Smarth the afternoon of 30 June. The delegation is scheduled to meet with representatives of the private sector and parliamentarians this morning.

Enrique Iglesias explained the objectives of his visit:

[Begin Iglesias recording, in progress] ...working visit is not a visit... [pauses] It is aimed at seeing a little bit of the.... [pauses] to hold discussions with the government and Parliament, to learn of their opinions, and to determine whether we can make a decision in this regard. It is a big challenge [words indistinct]. [passage omitted] [end recording]

Haiti: Bill To Address State Enterprise Reforms

PA0207021096 Port-au-Prince Signal FM Radio in Creole 1130 GMT 1 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The bill on the modernization of state-owned enterprises will be submitted to Parliament on 2 July, several parliamentary sources have confirmed.

Economy Minister Fred Joseph on 2 July will appear at the Legislative Palace where he will deliver the documents on the reforms of the country's public administration. Once these documents are submitted to the parliamentarians, a bicameral commission will be formed to study the main agreements concluded between Haiti and the international, financial institutions before Parliament decides to vote for or against the structural adjustment program.

All attention is focused on the parliamentarians, the only authorities who will authorize, allow the Haitian Government to carry out these privatizations. Several parliamentarians believe there should be a national debate on this issue. The head of government, Rosny Smarth, already has written to the parliamentarians to ask them to look into this issue with urgency. He has said the parliamentarians would have to decide whether the structural adjustment program should be implemented here.

In a letter written to the president of the lower chamber, Fritz Robert Saint-Paul, six of the parliamentarians of the 46th legislature have asked for a national debate on the structural adjustment and privatization program; these deputies and senators, particularly two senators from the north of the country, have said it is necessary for the people to give their opinion. They are ready, have asked the president of the lower chamber to open parliament's doors so it may be used as a podium for this important debate. [passage omitted]

One of the senators from Artibonite, Thomas Eddy Dupiton, has taken a position favoring the structural adjustment, but it should be done without mistakes, according to the senator. Dupiton would like to replace the words structural adjustment with the structural reorganization within the government so as to allow it to better control the public finances and to work for the good of the people. [passage omitted]

Haiti: Government Seeks Urgent Vote on Privatization Law

PA2906165896 Port-au-Prince Signal FM Radio in Creole 1130 GMT 28 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] Regarding the privatization of state-owned enterprises, the executive wants Parliament to pass as soon as possible the law on the modernization of state-owned enterprises. The Haitian Government has already written the parliamentarians to ask them to approve the economic program it intends to implement.

The (?bill on the) modernization of state-owned enterprises reached the two chambers in a letter signed by Haitian Prime Minister Rosny Smarth. The head of government asks for an urgent vote on the privatization program.

We will note that most parliamentarians have shown interest in implementing the plan aimed at privatizing

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state-owned enterprises in Haiti. However, Prime Minister Rosny Smarth acknowledges that Parliament is autonomous and can choose what it prefers as regards privatization. He thinks a negative vote may have serious consequences on the country's economy.

[Begin Smarth recording] What I could say is that Parliament is autonomous, Parliament is independent, (?and its opinion) can be different from that of the executive. This is the rule of democracy. We will normally respect the decision of the parliamentarians. However, we would be sorry, as that might perhaps have negative consequences on the economic development of the country. [end recording]

These were statements by Haitian Prime Minister Rosny Smarth. He made these statements within the scope of a visit he is making to Cavaillon. The prime minister, who is leading a Haitian governmental delegation, will meet with local elected representatives and participate in this city's feast of its patron saint, to be celebrated on 27 June.

Haiti: Commerce Minister on Privatization, Adjustment

PA2906042496 Port-au-Prince Signal FM Radio in Creole 1130 GMT 24 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] On privatization and structural adjustment, the Haitian commerce minister has explained the positive effects of such a policy.

According to the commerce minister, the state-owned enterprises, which are operating in the red, contribute to increase.... [pauses] can contribute to the increase in the country's revenues once privatization kicks in. The structural adjustment program must allow the Haitian Government to control and even reduce the budget deficit, according to the commerce minister.

Germain believes the reduction of imports can control the amount of goods entering the country. The finance minister has reaffirmed that most state-owned enterprises contribute to the weakening of Haiti's economy. [passage omitted]

Haiti: Foreign Minister To Broach Enterprise Reform

PA2906041296 Port-au-Prince Signal FM Radio in Creole 1130 GMT 26 Jun 96

[Report by Yvener Millien from the "0730 Appointment" newscast]

[FBIS Translated Excerpt] At the Haitian Parliament, the finance minister will soon broach the issue of the modernization of state-owned enterprises in Haiti. Chamber of Deputies President Fritz Robert Saint-Paul has confirmed he has received the appropriate documentation on the modernization of state-owned enterprises. Deputy Saint-Paul has said that in the near future, Finance Minister Fred Joseph will officially deliver the bills to Parliament.

As for the fact-finding mission in the People's Republic of China, Kelly Bastien, vice president of the Chamber of Deputies, has said that body does not participate in such activities and that it is up to the executive to take care of a matter such as that one. Yvener Millien reports.

[Millien] In an interview with reporters, Chamber of Deputies President Fritz Robert Saint-Paul has said the office has indeed received the documentation on the modernization of state-owned enterprises along with a letter by the finance minister. Deputy Saint-Paul has said Finance Minister Fred Joseph has already been invited to officially deliver these documents. The parliamentarian has said this issue will lead the debates. According to the president of the Chamber of Deputies, discussions will focus on the intent of the bill, the modernization of state-owned enterprises. If the president accepts it, they will pass it to a commission for further review.

As for the steps leading up to the interpellation of the public works minister, Deputy Saint-Paul has said the office has already taken control of the issue:

[Begin Saint-Paul recording] I believe the problem with the (?$20 million received from China) is at the root of the interpellation. [end recording]

[Millien] Furthermore, Chamber of Deputies Vice President Kelly C. Bastien has said the Chamber of Deputies did not receive any invitation to visit the People's Republic of China, adding that the deputies have the right to go wherever they want but that that body will not organize any official trips to the People's Republic of China. In this regard, the Chamber of Deputies vice president believes the executive is correct as far as this matter is concerned.

On the interpellation of the foreign minister, Deputy Bastien has said the deputies will have to analyze the request to see whether it would be beneficial:

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[Begin Bastien recording] The Chamber of Deputies will not send a delegation or participate in such a delegation. In addition, as far as we are concerned, we believe the executive has precedence in matters of foreign policy. [end recording]

[Millien] Foreign Affairs Commission President Alix Fils-Aime has said they were going to interpellate Foreign Minister Fritz Longchamp so he may explain the ministry's policy and the statement he made last week. Deputy Fils-Aime went on to say that the foreign minister has demonstrated to the people and president an inability to establish a course of action for Haiti's international policy.

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Mexico: Coparmex President—Peace Needed for Development

PA0207014696 Mexico City LA JORNADA in Spanish 1 Jul 96

[Report by Patricia Munoz Rios — received via Internet]

[FBIS Translated Text] Mexico needs an atmosphere of "peace" in order to achieve the development it requires, Carlos Abascal Carranza, president of the Employers Confederation of the Mexican Republic (Coparmex), has said. He has said that changes in the social aspects of the economic model are among the most urgent, adding that there is a need to define "a comprehensive way to help the poorest through fiscal resources rather than partial subsidies."

During an interview with reporters, the Coparmex president has said state reform must include not only economic and political changes but also social changes before more groups of dissatisfied citizens emerge.

Abascal has insisted that without peace the economy will not only not be revived but will not grow, adding that investors will have confidence in the country's future if there is stability.

He has said that "guarantees for the exercise of freedoms and a desire to improve Mexicans' wellbeing must prevail in establishing a new state."

The Coparmex leader has said that the economic model has not been defined yet, that it should seek to establish "a market economy with social responsibility, and this means the goal should be equity and justice rather than excessive gains."

Abascal has proposed changes to the current scheme. Among them are:

1. Technical adjustments in the fiscal area to make tax payments more equitable, honest, and easy; expedite deregulation to decrease the bureaucracy affecting economic activity and the people; complete the privatization of all those activities in which the government should not be involved; and increase the efficiency of public services.

2. Reform education to again teach values such as honesty and loyalty, among others; establish a new labor culture to bring back concepts such as productivity, competitiveness, and the distribution of wealth.

3. Define a social policy that will meet the needs of the poorest in a comprehensive manner with the nation's resources; that is, fiscal resources.

The Coparmex president has stressed the need to adopt measures by the second half of the year to generalize and deepen economic revival without abandoning fiscal discipline, "because we are not against that."

Provisos to offer fiscal incentives are needed, because "we are convinced we cannot have a neutral tax policy; this should, necessarily, be an active policy."

That, along with progress in solving the problem of overdue business accounts through debt capitalization schemes—which is an issue that has not yet been satisfactorily resolved although the National Finance Bank has somewhat dealt with it, but we think this measure should be generalized within commercial banking—and the acceleration of the deregulation process are issues that "will have to be addressed soon," Abascal has said.

He is still predicting a GNP growth of 5 percent for the second half of the year and a similar growth rate for 1997. The Coparmex president added that interest rates will close at 22 percent and that no more than 450,000 jobs will be created this year.

He has admitted that the signs of revival have not been noticeable yet in the four most important areas of economic activity: construction, services, retail business, and agriculture, which is "experiencing a delicate situation because of the rains and a radical structural deficiency that has plagued Mexico for the past 70 years and that the reform of 1927 failed to change. We still have much work to do."

Abascal has said "we should notice generalized signs of revival by the end of year but not a recovery yet. There should be clear signs of recovery by 1997."

Mexico: Coparmex—No Businessmen in Station Takeover

PA0107173796 Mexico City Radio Red Network in Spanish 2300 GMT 27 Jun 96

[Report by Antonio Guzman; from "The Night Monitor" newscast]

[FBIS Translated Text] Carlos Abascal Carranza, president of the Employers Confederation of the Mexican Republic [Coparmex], denied that any Tabasco businessmen had any part in the takeover of radio station XEBA in Villahermosa. He also demanded the return to lawfulness in that state so that the necessary investments can flow for the benefit of the people, basically by creating jobs.

This was established following a prolonged telephone conversation between Sergio Vasquez Buenrostro, president of the employer center in Tabasco with Coparmex President Carlos Abascal Carranza. The employer leader gave details to "The Night Monitor" about a meeting

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held in his office. He said that the area meeting was initially set to be held here in Mexico City, but instead a telephone conversation had to suffice to spare Vasquez Buenrostro from having to travel to Mexico City. Regarding the state of affairs in Tabasco, Coparmex President Carlos Abascal Carranza said:

[Begin Abascal Carranza recording] An illegal act cannot be fought with another illegal act, regardless of who is doing it. I deny that any businessmen, particularly the Coparmex employer center, had any part. [end recording]

Carlos Abascal Carranza said that Tabasco employers strongly condemn violence no matter where it comes from. The employers also demand a return to a state of lawfulness where legitimate citizens' rights are met by attracting new and necessary investments.

[Begin Abascal Carranza recording] Therefore, we reiterate our absolute condemnation to violence, whatever the origin. [end recording]

The Tabasco businessmen also rejected any attempt to divide citizens in that state. They also asked the PRD [Party of the Democratic Revolution] to work so that differences between Roberto Madrazo Pintado's government and their demands, which they consider legitimate, might be channeled peacefully. They know that with violence they will never get what they want, however legitimate their claims might be.

Lastly, during this interview, Carlos Abascal Carranza called for the PRD's participation, the avoidance of political blackmail, and demanded that the PRD continue with the political reform, because to slow it at this moment will only benefit the PRI's [Institutional Revolutionary Party] old political class, who oppose any change through political reforms, the Coparmex president stated. This will help put an end to actions such as those that took place in Tabasco, that do so much damage to democracy.

[Begin Abascal Carranza recording] We need to put a stop, through laws, limitations, vigilance, citizen participation, to prevent a repetition of events such as those that are holding Tabasco State captive, and which can hurt the nation. [end recording]

Mexico: Factors Behind Resignation Rumors Viewed

96CA0234A Mexico City REFORMA in Spanish 23 Jun 96

[Commentary by Luis Rubio, political and economic reform advocate and director of the Center of Research for Development: "The Problem Is Not One of Witches" — received via Internet]

[FBIS Translated Text] Opinions and attempts to advance a private cause can be found all over. Turning them into rumors, however, requires an appropriate "culture medium" that can spread them like wildfire in a field full of dry wood. Instead of going on witch hunts that merely confuse people and divert attention from the problem, we ought to focus on analyzing what enables the most ridiculous rumors, such as the one about the president's resignation, to arise, grow, and spread with such phenomenal ease.

Anyone can start a rumor. It could be friends or enemies of the government, individuals with ulterior motives, or political strategists trying to alter the current balance of power. Someone could try to use a rumor to influence an economic indicator and thus pull off an extraordinary business deal involving the purchase or sale of stocks, bonds, pesos, or whatever. There are as many reasons for starting a rumor as there are people on the planet. Some will do it as a strategy, others for sport. In this connection, where the rumors come from or their ulterior purpose is absolutely irrelevant.

The important thing is for a rumor to "stick," to be believed, and to acquire an aura of reality. In other words, what matters is not the opinion or idea that becomes a rumor but rather the fact that people accept the idea when they disseminate it and believe it to be valid, within a setting conducive to the spread of rumors. In this regard, the way to end a rumor is not to begin a witch-hunt or to level charges left and right; rather, it is by dealing with the circumstances that enable rumors to spread.

Historically, rumors arise when there is insecurity. On some occasions, as in 1982, this resulted from the perception that the government was going around expropriating everything. People feared for the safety of their individual or family assets, in a political and legal context in which there were no real, effective safeguards for individual rights. The rumors back then prompted people to clean out their bank safe-deposit boxes, to buy dollars, to acquire goods as a hedge against inflation, and so on. The rumors ended when that government departed and Miguel de la Madrid's new government managed, through its daily actions, to restore people's peace of mind about their assets. Even though legislative measures were not taken to guarantee individual rights, fears were, in practice, dispelled. Perhaps owing to the lack of legislative changes, that trauma altered the behavioral patterns of a huge number of Mexicans, from the most modest to the highest and mightiest. But at

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least the "culture medium" that was conducive to these fears and the resulting rumors were done away with.

The nature of the current rumors is quite different. No one seems to harbor major fears about their assets. Mexicans today seem reassured about the means and the limits with which the government is operating in the economic arena. If the government did not take any extreme measures in the terribly trying moments of late 1994 and early 1995, which it did under much less extreme conditions in 1982, then obviously there is virtually no likelihood that it will do so now. If one observes the nature of the rumors that are and are not being propagated today, it is obvious that people can discriminate quite readily between them.

At present the "culture medium" that is conducive to the spread of rumors has to do with a very significant change in the government's political strategy, a strategy that is unfamiliar to, much less understood by the people, and that has therefore not made headway toward its goal. The current rumor about the president's resignation has to do with what is perceived to be an absence of direction in the running of the country.

What is ironic about the current situation is that while the government has devoted itself to building a platform for the only thing that in the long run can reassure the population in a lasting way, uncertainty prevails in the short run. Officially at least the government has gone about strengthening decisionmaking processes in the country through actions such as reforms in the judiciary that in a few short months have bolstered the credibility of the Supreme Court and helped to settle several major conflicts through it, instead of resorting to behind-the-scenes negotiations, overt confrontations, or even violence. It has done likewise for savings, creating institutional mechanisms to mitigate the propensity to misuse domestic savings and, thus, promoting savings in the long run. The mere fact that the president has chosen, voluntarily, not to make systematic use of the "metaconstitutional powers" that characterized his predecessors reveals a profound commitment to decisionmaking processes in society. Insofar as all Mexicans acknowledge the existence of these processes and see them as valid, effective mechanisms for resolving their problems, the rumors will stop circulating.

The problem is that we Mexicans are used to seeing results, not processes. The old political system emphasized results, since the processes were not transparent and depended on the will of the chief executive. As a result, everyone demanded favors, permits, and solutions from the president, who used these tools to boost his popularity and strengthen (and make more personal) his control over the country. This had led to all sorts of distortions both in the real world and in people's thinking. To many self-styled democrats, for example, the only way the country can achieve democracy is if PRI [Institutional Revolutionary Party] is defeated or disappears. To a real democrat, however, the only thing that matters is that whoever wins does so with absolute respect for the processes that the law provides. This is why laws, electoral laws in this case, are so important.

All of the above does not alter the fact that there is great insecurity and profound uncertainty about the future. Mexicans seem worried about what they see as the government's lack of clear direction in politics and in general. The government may have a clear direction, but the problem is that the population does not see it as such. The upshot is an atmosphere conducive to rumors.

Above and beyond failings in the government's strategy, our current complex political realities have themselves become conducive to rumors. We have moved from a political system whose main trait was predictability to an environment of enormous insecurity. We Mexicans may or may not have liked the nature of the political system, but we all knew what to expect from it. Today we have shifted from such authoritarian predictability to total uncertainty. The general feeling is that "anything" can happen, which enables rumors as outlandish as the one about the president's resignation to spread.

No one can change the fact that the country has begun a new stage in its political life, one in which authoritarian certainty no longer exists. It is one in which there is also no healthy democratic uncertainty, marked by the existence of laws, rules of the game, and institutions strong enough to ensure that daily life is not substantially disrupted in the event that a new political party takes power. What we have is widespread uncertainty about the country's future. Nothing is more conducive to all sorts of rumors.

The people are not familiar with or do not understand the government's strategy, no matter how visionary it may be, and this is of no help in clearing up the unsettled political climate. Moreover, the strategy has not always been consistent. Although the government is promoting the processes, in practice it has mistaken them for results. Huejotzingo, the "agreement" to share the toll receipts from the Ciudad Juarez bridge with the local municipal government, and its handling of the National Coordinating Board of Education Workers are three examples of how it has abandoned its own emphasis on processes in order to achieve immediate results. Only unconditional respect for processes, which imparts legitimacy to them, is going to remove the medium that enables rumors to spread and is going to achieve apparently unattainable credibility.

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Mexico: Zedillo Seen Facing Ethical Dilemma

96CA0230A Mexico City REFORMA in Spanish 24 Jun 96

[Commentary by Raymundo Riva Palacio, journalist and former director of the government news agency NOTIMEX: "Catch-22" — received via Internet]

[FBIS Translated Text] New bank accounts and more money in the international bank coffers of his brother, who is behind bars in Almoloya, are once again cornering former President Carlos Salinas de Gortari and forcing him into fresh contradictions. Harassed by newsmen who want to know who knew what and when did he know it (to paraphrase the chief reporter on "60 Minutes," Mike Wallace), the once proud, bold, all-powerful leader seems bewildered, diminished, forced to show his face, even though he would rather remain in semi-hiding.

Two U.S. television networks are bringing the Salinas family saga into the living rooms and bedrooms of the American masses, turning Mexico's shame into a domestic melodrama. Amid all this fuss, the former president was met with two new accusations late last week in New York, where he resurfaced:

—That his brother Raul has 70 bank accounts in seven countries with a total balance of over $300 million.

—And that the former president himself knew of his brother's bank accounts.

Even if the authorities prove these allegations convincingly, the assertion cannot automatically be made that Raul Salinas de Gortari made this money from illicit business deals or that his brother Carlos covered for him, thus committing a crime. In the real world one might ask: Where did that money come from? Was it the result of corruption? Abuses of power? Coercion from the presidential family? A stroke of luck? How could such a huge amount of money be amassed by an individual who never made more than $200,000 a year, who did not win the lottery, and who has not shown that it came from stock market investments?

This is not any old amount. At the average exchange over the past few weeks, the sums of money found in Raul's 70 accounts are equivalent to 2.25 billion pesos. To give some idea of how much that is, it exceeds the budgets of the Office of the Attorney General of the Republic (2.12" billion pesos) and of the secretariats of social development (1.143 billion pesos) and tourism (605 million pesos). Rationally speaking, it is not believable that the former president was unaware of such transactions. He had been alerted to his brother's accumulation of wealth. It is easy to see that Carlos' debacle lies in Raul's downfall. It is also certain that the former president never thought that his designated successor would break the golden rules of the Mexican political system and decide to alter the sociopolitical fabric without caring what alliances he shattered.

Carlos Salinas de Gortari will never occupy the place that he thought he would have in history: the best president that Mexico ever had. His family may live in eternal disgrace. The former president may not ever be able to set foot in his homeland again without being attacked and harassed. Perhaps he has not yet seen the worst of his nightmare. Perhaps we have seen only the prologue to the Salinas saga if Raul commits suicide in Almoloya, as he has threatened to do if he is convicted. There may be many people involved around the former first family, but the drama does not begin and end there.

If Raul Salinas did business, he did it mostly with Mexican businessmen. So far only one, Carlos Peralta of the Iusacell Company, has acknowledged having business ties to Raul Salinas de Gortari. He was not the only one, however. This is the great mystery in the Mexican melodrama, in which the dividing line between what is legal and what is illegitimate does not exist. In this melodrama ties to the Salinas family have become a stigma (this is why businessman Carlos Abedrop sold 51 percent of the shares of LA PRENSA, government officials say), and in it the business community has become so closely linked to and received so many benefits from the Salinas government that the next question, if the investigations continue and reach business circles, would be: Who will turn out the light?

Indeed, if there was one sector that was closely tied to the Salinas regime, it was business. Raul took his trips to Europe and the Caribbean with businessmen. The yacht on which he was photographed with Maria Bernal (REFORMA published the controversial photo) belongs to a new Monterrey banker. Another Monterrey businessman is still alarmed about his very long-standing business deals with the Salinas family, fearing that this could help bring about his financial collapse. Yet another lent the former president his yacht so that he could sail to Cuba. Whenever the former president travels to New York, he stays in a luxury apartment in West Trump Tower on Fifth Avenue near Central Park, one owned by a senior bank executive who is also a close relative of major shareholders in Television Azteca. This station won the competitive bidding for the privatization of the state-run TV station even though the other bidders maintain not only that their offer was not the lowest, but also that they were the only ones who did not have experience in the mass media.

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The privatization of Television Azteca is not the only suspicious one, however. Telmex? At a private meeting a few months before it was privatized, the then director of the state-run company, Alfredo Baranda, told his colleagues that they had to pave the way for the telephone company to wind up in the hands of Carlos Slim and France Telecom. Roads? The Tribasa Company became the Salinas government's major builder and prompted not only bad feelings but also never-documented suspicions about what was presumed to be a privileged relationship with the Salinas de Gortari's.

The privatization documents are without taint. The Salinas government assigned then Finance Secretary Pedro Aspe and its denationalization magician, Jacques Rogozinski, to draft a white paper on the privatizations. They delivered a document that cannot be assailed by anyone who does not have access to the confidential data and numbers of the businesses involved. Information in Mexico is not public, and many things, both legal and illegal, legitimate and illegitimate, can be done under the cloak of secrecy.

Today, as charges are leveled against Raul Salinas de Gortari and suspicions about the source of his money mount, evidence is starting to come out that relations between government and business in Mexico have been much less clean than the government and businessmen have claimed. With whom was Raul going to do business? To whom did he sell powdered milk? Corn? Chicken parts? With whom and to whom did he give assurances? To whom did he sell race horses? How many people did he recommend in the National Finance Bank? And as far as Carlos Salinas de Gortari is concerned, how often did he get multimillion-peso sums from them for his PRI [Institutional Revolutionary Party] presidential campaign? Where did the money come from to pay millions to the consulting firms that advised Ernesto Zedillo's campaign and that appear not in his own official financial records but in those of Tabasco Governor Roberto Madrazo?

The problem of the Salinas de Gortari family does not concern its members alone. It has become a national issue, and we have not even seen the tip of it yet. It is no longer just a question of whether Raul's businesses were legal or not, nor whether the former president's brother remains in jail. The saga of the Salinas de Gortari family is much more than that. It is the best case study of how the government and business have put together a powerful web of economic interests for their mutual benefit and in which legal, legitimate activities have not been the hub of the relationship.

This is a major part of the dilemma facing the police investigation into the Salinas de Gortari family. The problem does not boil down to names; rather, it is structural, systemic, having grown and consolidated over the years of impunity that have been the hallmark of Mexico's political system, backed fully by most of Mexico's business class. The mutually beneficial relations extended to the formation of a partnership with informal ties. When the sons or daughters of politicians and businessmen got married, invitations were exchanged among godparents. Their ties were not only tactical but involved emotions and feelings as well. Fields of activity became blurred. The dividing lines between them were a myth, and this was even more so during the Salinas government. When he took trips, the former president filled his plane with business magnates, many of whom sought his invitation at all costs. Many of them, slaves to power and willing to do anything, made themselves available to brother Raul as well and did business with him. Why not, when they were so used to this in the past.

For months now the Office of the Attorney General of the Republic has had its sights set on at least five big businessmen, but the political decision has not been made yet. Reality has ensnared President Zedillo's government. If they move against these businessmen, how many more will follow? How will this impact the GDP [gross domestic product]? How much money will leave the country? The government is in a catch-22, a term coined by Joseph Heller in 1961 in his satirical novel of the same name to describe "a problematic situation for which the only solution is denied by a circumstance inherent in the problem."

Mexico: Number Living in 'Abject Poverty' Increases

PA0107234096 Mexico City LA JORNADA in Spanish 25 Jun 96 pp 56, 14

[Report by Laura Gomez Flores]

[FBIS Translated Text] The Social Development Secretariat (Sedeso) stated yesterday that the number of Mexicans living in abject poverty increased by 5 million in less than the year and a half the current government has been in power, adding that there are already 22 million Mexicans living in abject poverty, while another 20 million live in poverty.

After downplaying the information disclosed by the World Bank that 85 percent of Mexicans, mainly in urban areas, live in poverty, Sedeso announced that the Basic Food Basket Program, which will eliminate the generalized subsidy for tortillas and milk vouchers, will be set in motion.

Enrique del Val, assistant secretary for Regional Development at the Sedeso, said both programs, which cover

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2.5 million and 5.4 million people, respectively, as well as the 16 programs being implemented to fight poverty will be encompassed by the new project.

Admitting that this measure only constitutes a "palliative" in dealing with the serious levels of poverty a portion of the population is experiencing, he said "better alternatives to respond to the needs of these Mexicans, mainly in isolated areas, are being explored. [no closing quotation mark as published]

"Mexico has 108,000 locations with fewer than 100 inhabitants. These locations are home to a total of 2.5 million people who need this type of support, and we will give it to them in the first phase of the program, which, according to estimates, will reach 22 million Mexicans in various states of the country."

The official said efforts will be made to avoid concentrating the resources or the program in urban areas, because the people in the rural areas need them the most. The government is seeking the best possible support strategy to implement in the various groups.

Interviewed at the end of a private meeting held with Carlos Rojas, head of Sedeso, and members of the Committee to Distribute and Manage Assets and Provide Services of the Chamber of Deputies, del Val admitted that almost half of Mexicans are experiencing severe poverty conditions that have worsened in this six-year term; therefore, he said, we are trying to deal with this problem on a comprehensive basis and to abate it via the generation of temporary jobs. While 500,000 such jobs were created in 1995, they are expected to increase to 600,000 this year.

He said that even though the resources to be allocated to the Basic Food Basket have not been designated yet, this program will encompass three essential aspects: food, education, and health. Because the 70 pesos that had been assigned have become "insufficient" due to inflation, the amount of resources to be transferred will be updated at least every month, based on increases in the price of foods, beverages, and tobacco.

Along this line, he said, the program, to be updated periodically, will try to consider local differences, specific regional characteristics, and even eating habits.

PRD [Party of the Democratic Revolution] Deputy Leticia Burgos has refuted del Val's remarks. Burgos has deemed it illogical that such a difficult situation as the levels of poverty Mexico has been experiencing for over a decade is to be tackled through 18 programs that duplicate functions, eliminate existing plans, and will lead to the diversion of funds and an increase in corruption. She added that never has the right to receive food, which should have become a constitutional right a long time ago, been guaranteed. Without denying the efforts of the authorities, she has described the new program as "giving an aspirin to a person suffering from cancer."

The problem, she has said, could be tackled by seizing ill-gotten money from people such as Carlos and Raul Salinas de Gortari and making the channeling of resources more aboveboard.

Alfonso Solorzano Fraga, president of the Distribution Committee, has disagreed with his fellow bloc member, saying that the main problem to be tackled is not food support but, rather, unemployment.

If a slight growth is registered, in three years, we will reach similar levels to those of 1994 with a 3 percent unemployment rate. Consequently, the recovery will take approximately between 10 and 15 years. "The authorities cannot wait, however, for things to improve. We must do something, and we are doing it," Enrique del Val has said.

Mexico: Roundup of Economic Developments Through 1 Jul

PA0107204996

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 1 July.

The National Foreign Trade Bank of Mexico (Bancomext) has signed a contract with the Central American Economic Integration Bank (BCIE) to increase its line of credit to the BCIE from $50 to $120 million. This line of credit will reportedly finance Mexican exports to BCIE member countries. In addition, a Bancomext representative signed a cooperation agreement with the Andean Development Corporation (CAF) to exchange information and identify commercial and investment opportunities in Mexico and CAF member countries. (Mexico City EL FINANCIERO in Spanish 24 Jun 96 p 9)

The mining industry of Mexico reported a growth of 5.6 percent in the first quarter of this year with respect to the same period last year, totaling 8.184 billion pesos. An official from the Commerce and Industrial Development Secretariat (Secofi) stated that mining and metallurgical projects totaling 650 million pesos will be financed this year. The official explained 240 foreign firms are currently prospecting for minerals in the country, 80 percent of which are Canadian firms. (Mexico City EL FINANCIERO in Spanish 24 Jun 96 p 33)

The Savings Protection Banking Fund (Fobaproa) is reportedly the largest trust fund in the Mexican financial

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sector. Fobaproa holds 14 percent of the assets of the national banking system and 12.9 percent of the credit portfolio of the system. As of March 1996, its deposits, coming from 30 banks, totaled 24.367 billion pesos, which did not cover the 46 billion pesos used to bail out 10 banks. Fobaproa's deposits have reportedly not been enough to reduce or repurchase the 102 billion pesos of net portfolio transferred to it, $48 million pesos of which correspond to overdue loan portfolio. (Mexico City EL FINANCIERO in Spanish 24 Jun 96 p 7)

The president of the Confederation of Industrial Associations (Concamin) has said that 40 percent of the production capacity of the country is currently underutilized. He added that between 30 and 40 percent of the industries are facing problems with the payment of taxes and other obligations. The Concamin president explained that production will fully rebound in 1997, and he concluded that between 10 and 15 percent of underutilized production will be reactivated by year's end. (Mexico City LA JORNADA in Spanish 24 Jun 96 p 51)

According to a 25 June report datelined Mexico City, the international reserves of Mexico dropped by $29 million for the week between 14 and 21 June, totaling $15.844 billion. The Central Bank of Mexico reported its net international assets totaled $1.522 billion as of 21 June, a $253-million drop from the previous week. This reduction was the result of $7 million in revenues from Mexican Petroleum (Pemex) and $260 million in outlays for the sale of foreign exchange to the government. (Mexico City NOTIMEX in Spanish 2355 GMT 25 Jun 96)

The National Institute of Statistics, Geography, and Information Science (INEGI) has reported the real growth of consumer prices during the present six-year term has caused a 29-percent reduction in the purchase of basic foodstuffs among Mexicans. According to the National Chamber of Commerce (Canaco), clothing and medicine purchases has dropped between 45 and 52 percent. Meanwhile, salary increases totaling 38 percent has been more than offset by inflation, which reached 52 percent last year and 13.46 percent between January and May 1996. (Mexico City LA JORNADA in Spanish 25 Jun 96 pp 1, 44)

The new firm MexCapital will invest $150 million in capital risk investments to support Mexican firms. MexCapital will reportedly support expansion and investment plans of Mexican firms, and will help companies improve their efficiency and profitability. MexCapital is formed by the Chase Capital Partners, Mercapital, and a group of Mexican investors. (Mexico City EL FINANCIERO in Spanish 25 Jun 96 p 20)

Reports from the Secretariat of Finance and Public Credit (SHCP) indicate that tax revenues, in real terms, dropped by 12.4 percent during the first quarter of this year. With the exception of the value-added tax (VAT), real drops were registered for other tax revenues. This reduced the government's ability to finance spending through tax revenues. During the first three months of the year, tax revenues accounted for 65 percent of government spending, a 10- percent drop compared to 1995. The drop in tax revenues made a dent in the budget revenues, going from 70 percent to 64 percent in the first quarter, as compared to the same period in 1995. (Mexico City LA JORNADA in Spanish 25 Jun p 47)

Yesterday, the Energy Secretariat invited local and foreign companies and investors to participate in setting up natural gas systems in 10 urban areas, including Mexico City, Tampico, El Bajio, La Laguna, Toluca, Queretaro, Baja California, Hermosillo, Cuernavaca and Pachuca. The bids for one or more of the ten said areas or any areas that investors are interested in should be addressed to the executive secretary of the Energy Regulating Commission. The Energy Secretariat indicated that the licenses will be auctioned gradually before year end. In the first five months of 1996, Mexican Petroleum, Pemex, reported an average production of 2.847 million barrels of crude a day. This figure represents a 6.7- percent increase compared to the same period in 1995. Crude exports for this same period amounted to 1.5102 million barrels a day. (Mexico City EL FINANCIERO in Spanish 26 Jun 96 p 17)

In the first four months of 1996, the iron and steel industry accumulated a liquid steel production of 4.3 million tons, which represents a 10.7-percent increase compared with figures for the same period in 1995. According to the National Iron and Steel Chamber, if the current trend continues, steel production for the year could reach a volume of 13 million tons. If this plan materializes, it would mean the utilization of approximately 92 percent of installed capacity. (Mexico City EL FINANCIERO in Spanish 26 Jun 96 p 26)

In the first four months of 1996, the demand for new credits experienced a recovery in the area of development banks, which granted companies resources for 3.473 billion pesos. This figure represents a real annual growth of 9 percent. In practice, the credit policy is working in favor of big industries based on their operational and financial viability. Hence, large businesses have garnered 54 percent of the loans up to April. In contrast, microbusinesses only garnered 2.6 percent of the loans granted by the National Finance Bank, Nafin, while small and medium businesses obtained 2.6 and 8.9 percent, respectively. As is the rule, Nafin's credit

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support is concentrated in the industrial sector, which garnered 66.6 percent of the total resources loaned in the first four months of 1996. The services sector attracted 7.2 percent of all loans, whereas the commercial sector attracted 3.8 percent. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 26 Jun 96 p 3A)

According to Ruben Castillo Fragoso, executive president of the Mexican Coffee Council, Mexico is self-sufficient regarding coffee production. Coffee continues to be the leading generator of foreign currency among Mexican agricultural products. The 1995-1996 coffee harvest amounts to more than 5 million sacks, which means an increase of 800,000 sacks compared to the 1994-1995 period. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 26 Jun 96 p 15A)

Yesterday, the Mexican Commerce and Industrial Development Secretariat (Secofi) revealed that the Mexican Government has decided to unilaterally open its market to foreign suppliers; as a result, it has reduced taxes on the import of beans, soybeans, broken maize, yucca, sorghum, alfalfa and 20 types of fertilizers, among many other products. According to a Secofi report, taxes will also be cut on the import of raw materials used in the textile, chemical, pharmaceutical, mining and electronic industries as these raw materials are not produced in the country. The list of products whose tariffs will be reduced also includes large tires, solvents, acids, esters, monofilaments, machinery and ecological equipment. The Secofi maintained that currently, Mexico and the United States have a commercial exchange of approximately $300 million a day, a figure that represents Mexico's total commercial exchange with some Latin American countries for an entire year. (Mexico City LA JORNADA in Spanish 26 Jun 96 p 50)

A study conducted by the Advisory Construction Council has indicated that Mexico has a housing deficit of approximately 4.6 million units and it might take the country more than 15 years to overcome it. The study reveals that even if the plan to build 300,000 units a year is fulfilled, the current deficit would have increased by more than 7 million units by the year 2000. In the first quarter of the year, the results registered by the construction activity were negative and even if there are signs of an incipient recovery, this will be slow. (Mexico City LA JORNADA in Spanish 26 Jun 96 p 50)

Autrey Telephone Company has announced a merger with the companies Airtouch Communications, Loral Space and Communications and Global Star to develop public wireless satellite telephone systems with an investment of $60 million. Sergio Autrey Garza, president of the company's Administrative Council, revealed that the project will include the use of a system of 48 low-orbit satellites, which will be put in orbit by Loral Space and Communications. This will help widen the network of public telephones in isolated locations and the service to companies and civilians with communications needs with other regions. (Mexico City LA JORNADA in Spanish 26 Jun 96 p 46)

Manuel Enriquez Poy, vice president of the National Chamber of the Sugar and Alcohol Industries, has warned that 50 percent of the country's sugar industry might disappear in the coming five years if the displacement of the domestic production and the import of sweeteners rich in corn fructose continue. (Mexico City LA JORNADA in Spanish 26 Jun 96 p 48)

According to Fernando Delfin Palomba, president of the National Chamber of the Maritime Transportation Industry, only 2 percent of this sector's foreign trade is handled by Mexican shipping companies. In 1995 revenues for maritime transportation services amounted to $1 billion. This sector needs an investment of more than $800 million for development. There are no serious problems for debt or overdue portfolio. (Mexico City EL FINANCIERO in Spanish 26 Jun 96 p 11)

At the end of the first quarter of this year, the revenues of foreign-exchange offices dropped to 273 million pesos while net profits went down to 84.609 million pesos. Out of 40 foreign- exchange offices doing business during this period, 32 registered profits while nine experienced losses. (Mexico City EL FINANCIERO in Spanish 27 Jun 96 p 8)

On 26 June the Industrial Office sold bonds worth $100 million for a 42-month term at a yield of 505 base points over U.S. bonds for a three-year term. (Mexico City EL FINANCIERO in Spanish 27 Jun 96 p 19)

By condoning interest for overdue debts, the Mexican Social Security Institute, IMSS, will recover 60 percent of the 2.5 billion pesos that more than 3,500 businesses owe to this institution. During the first three months in 1996, the health and labor services of the IMSS amounted to 4.2434 billion pesos, a reduction of 13.3 percent in comparison to the same period in 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 27 Jun 96 p 3A)

The Mexican affiliates of foreign banks have a credit potential of 36.7444 billion pesos. At the end of March, the credit portfolio of these banks amounted to 6.9809 billion pesos, 19 percent of the total credit potential. (Mexico City EL FINANCIERO in Spanish 27 Jun 96 p 6)

According to Pedro Salcedo, president of the National Processing Industrialists Association, 80 percent of this sector's small and medium-sized businesses have been

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unable to timely make fiscal payments because of the Mexican Treasury high surcharges. In addition, Fernando Acosta, president of the National Chamber of the Construction Industry, reported that this entire sector has also been unable to make fiscal payments. According to a quarterly report, the construction sector registered a drop of 23.72 percent and its value in monetary terms decreased by 24.27 percent, thus resulting in liquidity problems. (Mexico City LA JORNADA in Spanish 28 Jun 96 — received via Internet)

Mexican banks have begun to increase their capital up to 12 percent to cover up risks for new operations and overdue portfolio. The National Banking and Securities Commission demanded a larger capitalization to prevent bankruptcy or a larger intervention of the Savings Protection Banking Fund, which has thus far absorbed little over 50 billion pesos, 12.9 percent, of the banking capital. The banking sector has an overdue portfolio of approximately 106 billion pesos with reserves amounting to 74.2 billion pesos (70 percent of overdue portfolio). (Mexico City LA JORNADA in Spanish 28 Jun 96 — received via Internet)

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Guatemala

Guatemala: Minister Views Report on U.S. Intelligence

PA0107232896 Guatemala City Televisiete Television in Spanish 1900 GMT 1 Jul 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guatemalan Foreign Minister Eduardo Stein has said U.S. CIA agents would reportedly be involved in countless criminal actions and human rights violations, adding that this information comes from a special report the U.S. State Department has drafted:

[Begin Stein recording] It is a report drafted by a presidential commission appointed by President Bill Clinton 15 months ago to examine the actions and secret and confidential information that were at the disposal of the White House from all U.S. security agencies. It is a supervisory organization from the U.S. secret intelligence services created by President Clinton to examine the alleged participation of intelligence officers from U.S. agencies in activities based on dubious legal foundations or in clearly illegal activities.

This committee drafted this report on 28 June, and the White House made it public on the occasion of Clinton's participation in the G-7 Summit held in Lyons, France. Today, we just received these documents, which consist of an 11-page executive summary and a 67-page body. Approximately 600 documents have been annexed to the report. These documents are not at our disposal yet, as we expect to receive them on 2 or 3 July.

These are the documents to which I was referring earlier this morning. Our first reaction will certainly come after our first reading. We noticed that these documents or this report contain certain delicate issues, because this commission already believes some U.S. agents indeed participated in illegal actions. These documents also state that this triggered tension between the U.S. State Department and the CIA. [end recording]

Nicaragua

Nicaragua: Military, Honduran Officials on Border Patrols

PA0107175996 Managua EL NUEVO DIARIO in Spanish 28 Jun 96 p 2

[Report by Mario Mairena Martinez]

[FBIS Translated Text] Matagalpa — A meeting between high-level commanders of the Nicaraguan and Honduran Armies took place yesterday in Esteli, to coordinate actions in light of recent events involving rearmed groups, which have transferred operations to the common border.

The parties, according to a communique issued by the Nicaraguan Army's Directorate of Public and Foreign Relations, agreed to provide additional vigilance and joint patrols on the border.

This information was confirmed by Lieutenant Colonel Julio Cesar Aviles, chief of the 6th military command, which comprises the departments of Matagalpa and Jinotega. Aviles said that Major Leonardo Guatemala was chosen for that meeting, which was attended by the 9th battalion commander of the Honduran Army.

Aviles said that right now relations with the Honduran military are excellent. He said that reports in certain media on the resupply of recontra groups by the neighboring army could be easily clarified by just noting the type of weapons recovered from the criminals.

Regarding the activities of a group of rearmed men, the military commander said that these have transferred their operations to the banks of the Coco River, where their main victims are Miskito Indians, who use this waterway to market their products.

Pajarillo, Lobo, and Cobra

Lt. Col. Aviles said that in the sectors of San Andres de Bocay, Par Par River, Plan de Grama, and La Colonia, all located in the northern part of Jinotega Department, there are currently small groups operating that are led by "Lobo," "Pajarillo," and "Cobra."

For that reason, he said, the Nicaraguan Army will step up its continued presence in those zones, "because the goal is to bring peace to those places so that the electoral process may take place calmly, and without a hitch."

El Cadejo Is Lost

When asked about the alleged demobilization of Vicente Blandon Cantarero, better known as El Cadejo, the military commander said he did not know of any intention or request by this leader. He added that El Cadejo is one of the most bloodthirsty criminals operating in northern Matagalpa.

Regarding the exhumation of the remains of Ciriaco Palacios, El Charro, Lt. Col. Julio Cesar Aviles denied versions of a morning newspaper that the Army had hindered delivery of the criminal's body. He died in the hamlet of Dudu, Waslala Municipality.

In fact, Aviles stated, the Army handed the Catholic Church the map detailing the exact place where El Charro's remains had been buried. The exhumation had

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not been done due to certain sanitary delays and a lack of a vehicle.

In order to clarify certain statements in a communique issued by the Matagalpa Diocese regarding all the situation taking place in the north, Lt. Col. Aviles said that in the next few days a meeting will be held with Bishop Leopoldo Brenes to discuss all the problems involving this region.

Nicaragua: 150 RN Members Evicted From Institute

PA0107150696 Managua BARRICADA in Spanish 29 Jun 96 p 7

[Report by Soledad Castro Amaradoz]

[FBIS Translated Text] More than 150 members of the demobilized Nicaraguan Resistance [RN] who had taken over the headquarters of the National Agrarian Reform Institute, INRA, were violently evicted yesterday at 1700 hours by riot squad police who showed up and fired tear gas, thus endangering the lives of several children playing near the building.

During the morning hours, the demobilized resistance members had begun talks with Minister Alvaro Arguello, who had promised that he would distribute land ownership titles on the condition that they agree to evacuate the premises. However, the RN leaders were demanding concrete actions from the minister, claiming that six years had gone by and the same promises were still unfulfilled.

While waiting for a response, the demobilized protesters peacefully maintained their occupation of the INRA building, according to reports by Maritza Cordero, spokesperson for the Nicaraguan Human Rights Center, CENIDH. At approximately 1700 hours, the minister gave the order for the building to be evicted; riot squad police arrived and immediately began violently throwing pots and all the strikers' belongings into the street.

After the riot police were able to enter the INRA building, they fired two tear gas canisters at the demobilized strikers, who made no attempt to resist the onslaught, but instead tried to take refuge in the hallway without causing any destruction.

The RN negotiating commission, which is composed of six members, explained that they have been sitting outside the INRA headquarters for the past six months, in an attempt to pressure the government into distributing ownership titles for the land where they have been relocated. However, the government now claims that the land is owned by the Gorn family, for which reason the RN suspects that they will be evicted at any moment.

The land that the RN demands be legalized as soon as possible is part of La Campana estate and measures more than 1,500 manzanas. The RN is also demanding the relocation of the Marvin Moreno Cooperative, since they claim that the land they were given is unproductive, since it is located in a rocky area.

In addition, they demand a reassessment of ownership titles given to 75 demobilized RN members in the region of La Argelia, Matagalpa, since the district has not been adequately demarcated.

Following the riot squad police attack, the demobilized emphasized their intention of continuing the struggle until they receive ownership titles from the government, but that this time they will resort to new pressure strategies.

Panama

Panama: Castrillon's Lawyer Denies Asking for Favors

PA0107170696 Panama City Circuito RPC Radio in Spanish 1405 GMT 1 Jul 96

[Statement by Rogelio Cruz, accused drug trafficker Jose Castrillon Henao's defense attorney, at his home in Panama City; broadcast in progress — live]

[FBIS Translated Text] ...As a Panamanian, I am worried about the domestic and international image of the Republic of Panama. Under these circumstances, on Wednesday morning, Gabriel Castro [director of the National Security Council] called me on the telephone and asked me to come to his office again. I went to his office at 1430 that same day. During this meeting, Castro told me that he had been able to establish that two checks — one for $21,000 and another for $30,000 — had been made out by Fuji Investments Inc. to President Ernesto Perez Balladares and that these two checks had been received through Vice President Felipe Virzi, endorsed by the president, and deposited in an account kept by the latter in Banco Exterior.

He also told me that, right after our meeting, he would head with Vice President Virzi to Banco Exterior to get copies of the corresponding microfilm. This meeting, my second meeting with Castro was quite long, perhaps longer than the one we held on the previous day.

I would say that in this meeting Castro expressed his gratitude and exchanged valuable information with me. More important than the information I gave him was the sensitive information he gave me. I reiterate: I am very pleased with this meeting, because the little information I gave him on Tu[illegible]y enabled him to conduct the investigation and enabled the president of the Republic to

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make the announcements that have earned him the applause and recognition of both Panamanian and foreign nationals, including foreign government officials.

At this point, I want to stress that I have never — in my position as a government official, attorney, or private citizen — asked any favor from any government official. I want to deny categorically that I ever asked any favor from the president of the Republic through Gabriel Castro. Further, I believe I can prove this easily: Anyone would realize that a person who expects to give something in exchange for a favor would never give what he has got first, expecting it to be reciprocated later.

Two weeks ago, on Tuesday [18 June] I gave Castro the information I had. On Wednesday, 24 hours later, two weeks ago, I had a long conversation with Castro. He asked me how I was doing, and if I had any problems. We had a broad conversation. I told him that I had personal and family security problems, because since I became Jose Castrillon Henao's defense lawyer, we have been receiving threats to force me to give up his defense.

I have not even requested assistance or protection, even though providing that assistance, not only would have been a logical favor, but would have been his obligation as the government official in charge of security.

On the other hand, would a person planning to extort something deliver what he has first, and then see if he can obtain a favor afterward?

Furthermore, Castrellon Henao's right to receive medical attention, to be hospitalized and undergo surgery — based on what doctors appointed by the Attorney General's Office have determined — cannot be considered a favor. This is a right he has; a right I am demanding for my client, and which I will continue demanding until it is granted.

Therefore, I emphatically deny all the rumors and allegations in the sense that I may have requested any favor from the government, from the president of the Republic, or from Gabriel Castro. I believe the conversation I had with Castro, particularly on Wednesday two weeks ago, when he gave me very sensitive information, clearly shows that I had no intention of extorting or requesting any favors. Castro understood this very well during our meetings in his office on Tuesday and Wednesday two weeks ago.

Panama: Security Head Denies DEA Probing Local Firms

PA0107153496 Panama City LA PRENSA in Spanish 1 Jul 96 p 2

[Report by Jose Otero]

[FBIS Translated Text] National Security Council Director Gabriel Castro has said that the DEA is not authorized to carry out investigations inside Panamanian territory.

In addition, Castro categorically denied that the DEA is investigating Panamanian air cargo companies linked to drug trafficking, including Trans Latin Air (TLA), for which he worked as legal representative years ago.

"The DEA has no authority to conduct investigations in Panama," he stressed.

He added that since he assumed his post as director of the Judicial Technical Police (PTJ), the DEA has only provided information related to the investigations, but its agents have not carried out arbitrary actions within our national territory.

In a DEA report currently in the hands of the Attorney General's Office regarding the arrest of Colombian drug trafficker Luis Carlos Herrera-Lizcano during the "Golden Jet" operation, the detainee mentioned 17 air cargo companies that were part of a drug-trafficking network from Colombia to the United States from 1982 to 1994, including seven Panamanian firms.

According to the report, which LA PRENSA published on 26 June, the companies operating in Panama were Dubaran Leasing, Inc., Iner Panama Trading Company, Tequendama Investment Corporation, Khris S.A., Alliance International, Sirrus Investments, and Trans Latin Air.

"At present, I doubt the DEA is conducting any investigation (in Panama) because the attorney general (of the Republic) has clearly said that his office is in charge of investigations," Castro stressed.

Panama: Opposition Said To Have Received Illegal Donations

PA2906011596 Panama City EL PANAMA AMERICA in Spanish 26 Jun 96 p 1

[FBIS Translated Text] An official source has said opposition parties also received checks from illegal activities to finance their 1994 political campaigns. Meanwhile, the Democratic Revolutionary Party (PRD) claims it has no knowledge of seven other illegal donations totaling $300,000.

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The high-ranking source has said that the opposition parties received "some checks" and that that matter would be revealed at the appropriate time. The source did not identify the political parties that received the illegal donations or the organization conducting the investigations.

Meanwhile, high-ranking PRD officials confronted by rumors about the discovery of other donations allegedly made by Colombian Jose Castrillon Henao to the PRD's political campaign have affirmed that there was no evidence in this regard but that the reports would be investigated.

Meanwhile, the Movement of Independent Certified Public Accountants has asked for an audit of the PRD's and other political parties's campaign funds that should be carried out by impartial professionals in the shortest period of time possible in order to prevent tampering with or the loss of evidence.

Presidential Security Strengthened

Meanwhile, PRD Deputy Secretary General Francisco Sanchez Cardenas has confirmed that the security measures of President Ernesto Perez Balladares, his family, and other high-ranking officials had been strengthened because "it is logical" to expect reprisals when an alleged drug-trafficking capo of Castrillon Henao's notoriety is captured.

"When one arrests an alleged member of the Cali cartel, as is said of Castrillon Henao, it is logical that reprisals may be thought of at some point. Whether they be against the police director, the PTJ [Judicial Technical Police] director, the president, the president's family, these things are very normal," Sanchez Cardenas has warned.

Moreover, Sanchez Cardenas has disclosed that Felix Estripeaut, Panamanian ambassador to Costa Rica who established contact between Castrillon Henao's lawyer and Vice President Felipe Virzi, was a member of the Arnulfist Party [PA] until 1994, when he quit the party to support the PRD.

English Advisers

Meanwhile, EL PANAMA AMERICA has learned that the English lawyer President Perez Balladares has retained to file a libel suit in British courts against THE ECONOMIST magazine arrived in Panama on 24 June.

The lawyer met with Perez Balladares and Gabriel Castro Suarez, director of the Council for Public Security and National Defense, yesterday to determine whether the appearance of the two checks originating from companies of the alleged Cali cartel capo Jose Castrillon Henao will jeopardize chances for the success of his lawsuit.

Perez Balladares has affirmed he is "certain" that prestigious and solid banks have been surprised as he was surprised by money "stained by crime." Nevertheless, he has criticized the fact that the country is filled with an uncontrollable desire to exaggerate these acts and to transform normal situations into a crisis and a tragedy or, at least, into anomalous situations.

"This almost morbid obsession has led to circumstances that seem to be interrelated but actually are not, and conclusions, which, frankly, defy all logic and are akin to the absurd, are drawn from them," Perez Balladares has said.

Diaz: Virzi Lied

Lawyer Damaso Diaz has said "the statement by Vice President Virzi about Jose Castrillon Henao's donations to the campaign of President Ernesto Perez Balladares was untrue.

Diaz has reiterated that Virzi's role was to "convey" the desire of his "client" Jose Castrillon Henao to donate to the PRD's campaign" because he was a Perez Balladares "sympathizer."

Similar Cases

Meanwhile, businessman Walid Zayed, under arrest and pending an investigation for money laundering, has said his case bore strong similarities to Perez Balladares' case.

In a letter sent from the public jail in Colon, Zayed insists that due process of the law was not observed in his case and that the president is in the same situation.

Zayed has said Perez Balladares claims he did not know the illegal source of the checks from Castrillon Henao's companies that Perez Balladares received, endorsed, and used to finance his campaign.

"I also did not know the illegal origin of the checks I received," stated the letter Zayed sent to the Association of Users of the Free Zone.

Arnulfist Party and Banaico

Former Immigration Director Antonio Dominguez yesterday confirmed the PA received a $100,000 loan from the Agro-Industrial and Commercial Bank of Panama, Inc. (Banaico) but has denied that political organization received illegal funds.

Dominguez has affirmed that the PA canceled approximately $60,000 of the loan to date, and only $40,000.00 remain to be canceled.

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Dominguez also has said the PA is willing to open its accounting books to clearly establish from where the donations and contributions to the PA's 1994 electoral campaign came.

The political leader has described as prejudice rumors about the use of illegal funds during the campaign waged during the elections.

Panama: Decency Committee To Collect $51,000 for President

PA2906155696 Panama City EL UNIVERSAL DE PANAMA in Spanish 26 Jun 96 p A2

[FBIS Translated Text] The recently created Committee for Political Dignity and Decency [Comite por la Dignidad y Decencia Politica] will collect the $51,000 alleged Colombian drug trafficker Jose Castrillon Henao donated to the 1994 election campaign to hand it to President Ernesto Perez Balladares, who will in turn hand it to the attorney general in an effort to offset the money Castrillon donated to Perez Balladares' 1994 presidential campaign.

Committee Vice President Ivan Alexis Ruiz said that "we want to prove the group's willingness to fight against everything that has to do with the drug-trafficking and money-laundering scourges."

The $51,000 will be handed, in principle, to President Perez Balladares for him to hand it later to Attorney General Jose Antonio Sossa, who will determine, after the investigations conclude, if the Fuji Investment company is involved in drug trafficking or money laundering.

If, following the investigations, it is proven that the money does not have a clean source, the Attorney General's Office will have to make a decision according to the law stipulating whether to seize it or allow it to be retained.

On the contrary, if the investigations the Attorney General's Office is conducting show that Fuji Investment is a company that has nothing to do with drug trafficking, then it would be proven that the funds donated to the campaign were clean, and the Attorney General's Office would have to return them to the PRD.

Panama: Envoy Gives Deposition on Castrillon Grant

PA2906140396 Panama City LA PRENSA in Spanish 27 Jun 96 pp 1A, 8A

[Report by Jose Otero and Vilma E. Figueroa B.]

[FBIS Translated Text] Yesterday, Panamanian Ambassador to Costa Rica Felix Estripeaut admitted in a deposition to the Attorney General's Office that he did not know that the company that contributed $51,000 to the 1994 PRD [Democratic Revolutionary Party] political campaign belonged to Jose Castrillon Henao. Castrillon Henao has been imprisoned in Panama on drug-trafficking charges.

Estripeaut was the first person to give his deposition to the Attorney General's Office after President Ernesto Perez Balladares admitted publicly that the donation of two "narco-checks" to his political campaign had "taken him by surprise."

The diplomat clarified, however, that he received the first of two checks for the 1994 PRD political campaign from the hands of Castrillon Henao, because Attorney Damaso Diaz and several banks told him that Castrillon Henao was a serious person.

He explained that, at the time of the political campaign, Damaso Diaz, his personal friend, whom he has known for many years and who is his lawyer, approached him and told him that one of his clients was interested in giving a contribution to the PRD political campaign.

He added that later Diaz told him that this client was Castrillon, whom he described as a serious person with the appropriate bank references.

"On several occasions, I did take the precaution of asking him (Damaso Diaz) whether Castrillon was a serious and trustworthy person," he stressed.

He indicated that, after this talk, he proceeded to ask Vice President Felipe Virzi, his childhood friend, about Diaz' recommendation of Castrillon Henao.

"This was about a person who was recommended by Diaz, the partner of one of the country's most prestigious law firms, and a person who wanted to make a contribution to the campaign"; this is the reason we accepted the checks, Estripeaut pointed out.

Castrillon Henao handed Estripeaut the first of the two checks, and Estripeaut gave it to Virzi. However, according to what Estripeaut himself told LA PRENSA yesterday, on the second occasion, Estripeaut picked up the contribution from Damaso Diaz' office.

Meanwhile, Attorney General Jose Antonio Sossa indicated that he sent Virzi some general questions, which he will have to answer on this case, in person, at the Attorney General's Office.

"I am waiting for him to come voluntarily. I sent him some questions that he will be asked, regardless of whether we ask him other questions here and tomorrow (today, Thursday); we will be expecting him. If he does

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not come, then I will have to summon him," Sossa noted.

According to the information, Virzi sent a messenger to pick up the questions from the Attorney General's Office.

Sossa mentioned that the questions are general ones, and depending on the answers he gives, he will be asked other questions.

"He (Virzi) must come in person to answer these questions. I hope he will come; he has told me that he will," Sossa added.

Thus far, explained the attorney general, Estripeaut and Damaso Diaz (who will be summoned again to testify) have given their depositions, and we have sent the information to all the parties on the corporations that are being investigated by the Drug Prosecutor's Office in order to gather additional information.

Yesterday, Sossa confirmed that all the information on Fuji Investments Inc., property of Castrillon Henao and donor of the money, has already been submitted to the Attorney General's Office to be analyzed. He added that it is possible that Virzi will come to his office early today, Thursday.

Felix Estripeaut came alone to the Attorney General's Office at 1130 and left at 1215.

Estripeaut admitted that he was an intermediary regarding the two checks donated by Castrillon Henao to the 1994 PRD political campaign. However, he clarified that before he accepted the contributions, he had received bank references indicating that Castrillon Henao was a serious businessman.

Estripeaut was summoned to give a deposition because his name was mentioned as the person who received the two checks for the PRD campaign from the Fuji Investments Inc. company.

The ambassador said that at the beginning Damaso Diaz told him that one of his clients was interested in making a donation to the campaign. He conveyed this information to Vice President Felipe Virzi, his childhood friend.

He added that during a lunch at a local restaurant he invited Damaso Diaz, who came accompanied by Castrillon Henao. "There were many people there who talked to Castrillon Henao and tried to find out whom he was," he explained.

Concerning those who attended the lunch, Estripeaut mentioned Diego Garcia de Paredes, Franklin Mora, and Vice President Virzi, who came with his brother. "These are very prestigious persons in this country, and you can rest assured that they tried to learn as much as possible about this person," he remarked.

Asked what questions Castrillon Henao was asked during this lunch, Estripeaut answered that he did not recall. However, he stressed that back then, Castrillon Henao was just an ordinary person.

According to Estripeaut, when the lunch was over, Castrillon Henao approached him and handed him an envelope, which he did not open because he imagined it contained the contribution they had already talked about.

"Later on, I handed the envelope to Virzi. After that, we had no contact whatsoever with Castrillon Henao, either before or after that occasion," he clarified.

The diplomat mentioned that there was a second donation, something that Castrillon Henao had already promised. "I asked Diaz about this donation; as far as I understand Castrillon was not even in Panama at the time. This second contribution was sent to Diaz's office, I went there to pick it up, and later, I took it to Virzi. This is how things truly happened," he said.

He reiterated that the first time Castrillon Henao himself handed over the donation. The second time, it was sent to Diaz's office; I went there to pick it up and later, I gave it to Vice President Virzi.

Concerning Damaso Diaz's deposition, denying that he delivered any check whatsoever, Estripeaut answered: "I can assure you that I picked up the second check from Damaso Diaz's office."

The diplomat confirmed that President Ernesto Perez Balladares did not know who Castrillon Henao was.

He explained that when he received the first check he did not know how much it was for, although he said that Castrillon Henao, through his lawyer, had promised $21,000.

"I gave the second donation to Virzi. We saw the check, and it was for $30,000," Estripeaut clarified.

He recalled that the first check was delivered around April 1994, while the second one was delivered in June 1994, after the May elections won by President Perez Balladares.

Estripeaut noted that, when they received the donation, they asked for bank references and investigated him at different banks, which told them that Castrillon Henao was a very affluent man in Panama.

"All the recommendations received at the time were correct, even this person's status in Panama was right," he explained.

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The ambassador said that Virzi is innocent, since he only received a contribution for the political campaign.

He added that he was willing to answer all the questions asked by the Attorney General's Office and expressed his agreement with the investigation of the case, not without recalling that "he who has a clear conscience has nothing to fear."

Asked why he did not inform President Ernesto Perez Balladares about this when Castrillon Henao's case was aired by the media, Estripeaut replied that he learned about the case when he was summoned in Panama for a meeting with Gabriel Castro, director of the National Security and Defense Council.

In a sad tone, Estripeaut said that, as a Panamanian, he was "extremely sorry. This situation causes great harm to the country; many of those implicated in this case are respectable persons who were unfortunately deceived," he stated.

On 21 June, after 2300, President Ernesto Perez Balladares told the country that drug money had infiltrated his 1994 campaign.

During his statement, the president explained that the two checks, one for $21,000 and another for $30,000, which entered his political campaign, came from the Deutsche Sudaamerikanische Bank and that he accepted the checks because he believed they came from a reputable bank.

In these first revelations, the president said that he went through a week of anguish and distress, because no one knew that these were drug-related funds and further, two years ago, no one knew who Castrillon Henao was or what kind of company Fuji Investment, Inc. was.

The president himself indicated that the investigation conducted on this case led him to find out that Damaso Diaz, whom he allegedly did not know, approached Felix Estripeaut, a PRD member and a personal friend of Vice President Virzi, with the intention of making a donation to the campaign.

Currently, the Drug Prosecutor's Office is investigating Castrillon Henao, imprisoned at Modelo Jail, for his alleged drug trafficking and money laundering links.

Meanwhile, after the president ordered that an investigation be conducted on the case of the checks, the Attorney General's Office summoned Damaso Diaz and Ambassador Estripeaut to give their deposition.

This organization also expects Vice President Virzi to give his statement on this case.

Panama: Arias Urges 'Corrective Measures' Due to Scandal

PA3006153896 Panama City ACAN in Spanish 1434 GMT 29 Jun 96

[FBIS Translated Text] Panama City, 29 Jun (ACAN-EFE) — Foreign Minister Ricardo Alberto Arias is of the opinion that the scandal over the two checks donated by an alleged drug trafficker to President Ernesto Perez Balladares' 1994 electoral campaign is an example of the negative effects that dirty money can have on political processes.

In statements to ACAN-EFE, the foreign relations minister said that "one of the consequences of money laundering is the way it can affect political processes, and we, deep down, are suffering the consequences of this."

The difference in this case and "what is truly important," the foreign minister stressed, is that it was a contribution by a person who, after the donation, was linked to drugs, and "as soon as the president learned about this he came out and said so publicly."

Perez Balladares disclosed on 21 June that two checks entered his campaign fund totaling $51,000, which were issued by a Panamanian corporation belonging to alleged Colombian drug trafficker Jose Castrillon Henao, arrested in April because of his links to the Cali cartel.

The checks were collected by Second Vice President Felipe Virzi and Felix Estripeaut, Panama's ambassador to Costa Rica, according to their depositions to Attorney General Jose Antonio Sossa, who opened an investigation on this case.

Arias, who was ambassador to Washington until he was sworn in as foreign minister two weeks ago, said that drug trafficking does not determine today "either the economy or politics" in the country, but warned that if "we fail to take the necessary steps to control it we could end up that way."

It is difficult to know the influence of drug trafficking, but "by intuition, I believe that its penetration is serious and worrying, but I would not describe it as a grave situation," Arias said.

To his way of thinking, Panama's situation originates in the financial system "that has been used by drug trafficking from the beginning, such as financial sectors have been affected in other banking centers in the world."

Nevertheless, the impact is far greater due to the enormous difference between "the importance of the

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financial center (where some 120 banks operate from all over the world with more than $30 billion in deposits) and the size of the country," with 2.5 million inhabitants.

The impact of the scandal is "obviously negative both at home and abroad," but it can help us "become aware of the various negative implications of the fact that money laundering can take place with greater or lesser ease in our country, and this will force us to take corrective measures."

This scandal has caused "anxiety" in Panamanian public opinion upon discovering that not only the banks and the free zone (in Colon, where there are some 1,500 enterprises) are involved in money "laundering," but this can affect "other institutional aspects in the Republic," the foreign minister reflected.

In the political field, he added, it is going to force parties to adopt measures "of openness and clarity of information on contributions received," which they were unwilling to do six months ago, when it was proposed before the Supreme Electoral Council.

"As far as I am concerned, this difficult moment we are undergoing, seen in the long term, is going to have positive results for the country," the head of Panamanian diplomacy said. He denied any comparison with the era of Panamanian General Manuel Antonio Noriega, overthrown in 1989 by the U.S. Army and condemned to 40 years in jail for drug trafficking.

To prevent drug trafficking from making use of corporations (Castrillon controlled 51 in Panama), he spoke out in favor of changing their administration and called on the lawyers who handle them to be "much more demanding in knowing and learning who they favor and to what use they are given."

The use of corporations by drug-trafficking networks and money "laundering," is going "to force us, out of self-defense, to take very serious measures, some of which are already being taken," to prevent it, the foreign minister said.

Panama has had special legislation on corporations since 1926 and currently has registered, according to non-official sources, more than 300,000, which operate without revealing who their true proprietors are and which hide behind frontmen.

Panama: Renewal Party Admits Receiving Campaign Funds

PA2906043896 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Jun 96

[Report by Alexandra Ciniglio from the "RPC Television News" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] [Announcer Celiano Fonseca] The Civic Renewal Party [PRC] has admitted receiving funds for its political campaign from one of the companies under investigation for its presumed ties to money laundering. The company Pesqueros, S.A. is associated with Jose Castrillon Henao:

[PRC Vice President Carlos Abadia] "A check for $2,000 signed by an individual named Avila was issued to the PRC. We could not recognize the signature of the person who received the check, and no one endorsed it for deposit."

[Ciniglio] PRC leaders have said they became aware of the existence of a check from this company after receiving a call from journalist Berta Ramona Thayer, who has claimed to have a copy of the check issued by Pesqueros, S.A. That claim has led them to investigate at Banco Continental; the account from which the check was drawn was in that bank:

[PRC member Tomas Herrera] "I was told that the account was opened more than 20 years ago, that Jose Avila had always handled his operations appropriately during their business relationship."

[Ciniglio] The PRC, whose campaign account was held at the Agro-Industrial and Commercial Bank of Panama, Banaico, has said they were never suspicious; nevertheless, there are certain points to clarify:

[Herrera] "We were shown a slip and asked to recognize the signature of the person who had received the check. None of us three could recognize that scribble. The check was deposited to the account, but there is no record of who deposited the check, and no one endorsed it either. We are now trying to determine who received it. I do not know who did.

[Abadia] We are asking the bank to send copies of all checks deposited to the PRC's account to determine this matter."

[Ciniglio] The party has criticized THE MIAMI HERALD's handling of this information on its front page. Tomas Herrera has claimed to have explained in detail and has given a personal account of the case, but none of it was included in the article.

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Panama: Article on Transfer of Canal Will Be Traumatic

PA0207003896 Panama City EL PANAMA AMERICA in Spanish 27 Jun 96 p A7

[Article by Rafael Mezquita: "The Privatization of the Canal"]

[FBIS Translated Text] The main, national objective for hundreds of Panamanians throughout the century has been the recovery of the Panama Canal and its adjacent zone and having it under our sovereign jurisdiction. At the same time, we have been concerned about integrating the Canal system into our development. Today, as we approach that date, we still face the dilemma of how to maximize the benefits derived from the system—the Canal, ports, reverted areas— for our society. Should the system be operated as a public enterprise, or would it be better to transfer its administration, not the property, to a private corporation? That is what this article is all about.

Between 1914 and 1979, the Canal operated with little international competition, almost as a monopoly, under the Pentagon's shadow—all former presidents of its board of directors and former Canal Zone governors were members of the Armed Forces—and it was located in a colonial-government enclave. That territory and its population were under U.S. control. Except for the salaries paid to local workers, the Canal and the Canal Zone contributed very little to our national development. For example, the terminal ports of Balboa and Cristobal, as well as the railroad, served first of all the interests of the Panama Canal Company (PCCo) and its U.S. officials and marginally the interests of Panama and its commerce. The interoceanic waterway operated totally ignoring our situation, and, what is worse, it was turned into our enemy.

Various alternatives to the Canal system emerged during the 1970's. Mixed-ports [mixtos-portuarios] and railroads began operating in the United States, as well as interstate highways and innovative systems for transporting products, such as the oil pipeline operated by PTP [Petroterminales de Panama]. As a result of booming economies, larger ships that cannot transit the Canal were built. The Canal Zone colony disappeared in 1979, and the PCCo became the Panama Canal Commission, with Panamanian representatives on its board of directors and in its administration. The treasury started receiving approximately $70 million a year from the Canal surplus, and terminal ports now serve local commerce and has gradually served international trade. Nevertheless, the reverted areas are perceived more like challenges, if not frustrations, than as sources of opportunity.

The announcement that the ports of Balboa and Cristobal would be delivered by concession closed a phase of 17 years of public administration. At the beginning, those ports operated within a monopolistic framework. Their personnel understood culturally their situation and took advantage of the transition from the administration of the most powerful government in the world to the administration of a Third World government. Since 1990, the operation of those ports through private concessions has demonstrated how costly the public administration of those ports can be for our economy.

The government decision in that regard also sends us another signal and makes us aware of another reality. The fact that Japanese and U.S. companies, the main users of the Canal, are participating in our port business reaffirms that Panama is still an important link in world trade. To survive in tomorrow's world, we must maintain and increase the competitiveness of our Canal system.

The administration of the ports and railroad to be delivered will become, along with the private ports of Moinsa and Evergreen, a post system ready to compete in a new segment of the export market: the center port. The project will be an opportunity to expand an operation already functioning at a reduced level through the development of a center for cross country transportation of empty containers, taking advantage, among other things, of the idling time of ships waiting to transit the Canal. The future business of our ports will depend basically on foreign markets, while the local market will be marginal. That is part of globalization.

The transfer of the Panama Canal from U.S. to Panamanian public administration, in my opinion, will be traumatic. The Canal is a system of varying and even opposite technologies. The techniques used at the beginning of the century are combined with the best technological advancements available today. Its market continues to decrease in relative terms. Its development and financial needs are increasing and will continue to increase in order to remain competitive. Its personnel, its main asset, will experience the difference between working with the dominating, organizational culture of a powerful country, the United States, and starting a new relation with the dependent culture of a weak country, Panama.

They will be in the same position as Panamanians who live in houses built by the MIVI [Housing Ministry] and mortgaged by the National Mortgage Bank, or those who have managed to obtain an industrial loan or have established a small business through the MICI [Ministry of Commerce and Industries], Cofina [National Finance Corporation], or FES [Social Emergency Fund], or the thousands of creditors in arrears in the Social Security

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Fund or IRHE [Institute of Hydraulic Resources and Electrification], or those who have managed to obtain a house in the reverted areas. As a result of our play-it-smart culture, which is practiced by both the people and the government, people "avoid" paying their bills to government institutions. It has happened with the ports and the railroad. It could also happen with the Canal. Regardless of the political will, which I am certain exists, and of the resources, human, financial, and administrative, invested in the transition, when the Canal passes to Panamanian administration, a new system will be established that could be characterized by a relaxation of the discipline, respect for regulations, and even the fear that existed in the previous administration. That is part of transition.

For those reasons and because of the multimillion dollar resources the future of the Canal and its third set of locks, which will have a great impact on our debt capacity as a nation, will require because of the revolution in markets, investments, and technology the world is experiencing and which will continue in the next century, and because it is necessary to maintain a dominant culture responsible for managing the waterway, I invite you to reflect. We need a mixed corporation [corporativo mixto], in the broadest sense of this concept, to operate the Canal. It would not be a mistake to say that maximizing the benefits of the Panama Canal, our objective after the year 2000, would be guaranteed with an option as the one I presented. We must make of sovereignty an exquisite ingredient on the menu of development.

Panama: ARI Promotes Ft. Amador as Tourist Site

PA2806193096 Panama City LA PRENSA in Spanish 27 Jun 96 p 33A

[FBIS Translated Text] The Interoceanic Region Authority (ARI) is contemplating different alternatives for the development of Ft. Amador, which represents a tourist jewel for our country. Scheduled to be reverted in October and with a total area of 161 hectares, its advantages and tourist potential have been promoted at the domestic and international level by ARI Administrator Nicolas Ardito Barletta and promotion and marketing executives.

As a result of the intense campaign to promote Amador's tourist development, the ARI is currently conducting negotiations with five hotel chains, including the world renowned tourist development firm Carnival Hotel & Casinos, based in Miami, Florida. In April, this company signed a letter of intent, laying down the foundations to negotiate the construction of a hotel in the area.

Along this line, the Korean-U.S. consortium United Enterprise Trust Group signed a letter of intent to develop a tourist project valued at approximately $100 million, which will culminate with the construction of several hotels in Amador.

The ARI has participated in international conventions promoting Amador's development, and it has established contacts with various consortiums, such as the hotel chain Hyatt, which owns the Royal Caribbean cruise line. Hyatt expressed its interest in investing in a place of great tourist potential.

In April, a Cruise Lines Commission, comprised of representatives of Carnival Cruises, Holland America, and Royal Caribbean, was formed. This commission will act as the counterpart of the commission comprised of agencies of the Panamanian Government with the purpose of fulfilling, in the short, medium, and long term, the needs of cruise companies interested in including Amador in their tourist promotion plans.

The Panamanian commission is made up of representatives of the National Port Authority, the Panamanian Tourism Institute, the Immigration Department, Customs, the National Police and the ARI.

The purpose of fostering the development of tourism in Panama is to create an economic engine to attract capital, generate jobs, and boost the standards of living of Panamanians. With this intent in mind, the ARI hired the services of Edward Stone & Associates (EDSA) to draft a strategic plan for Amador's tourist development. This plan will seek to exploit, to the fullest, the existing facilities instead of building new ones.

The area of Amador was decreed a tourist zone, and there are plans to use Panamanian resources and labor to turn it into a tourist center. It will only be used for tourist purposes, because any other type of use would only generate jobs during the construction stage.

Panama: All Panamanians Urged To Take Up Antidrug Struggle

PA2806231996 Panama City LA ESTRELLA DE PANAMA in Spanish 25 Jun 96 p A1

[Report by Esteban Huertas G. and Jacqueline Clark]

[FBIS Translated Text] Following a meeting with the Chamber of Media Proprietors, President Ernesto Perez Balladares yesterday said all Panamanians must take up the struggle against drug trafficking.

Perez Balladares assured that the struggle against the drug-trafficking scourge has the support of the Democratic Revolutionary Party, the Panamanian people, and the Legislative Assembly.

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Perez Balladares added that his mission is to punish all guilty parties, something which is "important" because he is seeking to prevent the infiltration of money obtained illegally.

President Perez Balladares said the Security Council has conducted all the investigations into existing ties between Castrillon Henao and drug trafficking, a task which took approximately one year. He added that state security organizations will continue to investigate the Castrillon Henao companies, a matter which has absolutely nothing to do with the political parties. and, therefore, he cannot see why former President Guillermo Endara is concerned.

Moreover, during the meeting with the media owners, Legislative Assembly President Carlos Alvarado reveled the possibility of a second debate at the Legislative Assembly this week of a bill that depenalizes slander and libel.

Alvarado said the president has promised to approve this bill, saying that it has received support from the media but that there has been "strong opposition" to the bill from lawyers associations.

Alvarado revealed the possibility that the president might call for an approximately 10-day special session of the legislature in August to deal with such issues as the ombudsman, the backlog in the legal system, and the bill to eliminate the gag law.

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Argentina

Argentina: UCR Candidate Wins Buenos Aires Elections

PY0107130496 Buenos Aires TELAM in Spanish 0940 GMT 1 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 1 Jul (TELAM) — Having provisionally tallied 97.27 percent of the votes from the 7,493 balloting tables approved for these elections, UCR [Radical Civic Union] candidate Fernando De la Rua had received about 40 percent of the votes in the Buenos Aires mayoral elections, thus becoming the new Buenos Aires mayor.

Shortly after 0600 [0900 GMT] today, Liliana Gurdulich de Correa, Interior Ministry institutional affairs secretary, supplied the latest tally from the official vote counting center. After tallying 7,289 balloting tables, De la Rua had received 39.88 percent of the votes in yesterday's elections.

The Interior Ministry official reported that Frepaso [Front for a Country in Solidarity] candidate Norberto La Porta received 26.53, PJ [Justicialist Party] candidate Jorge Dominguez received 18.61 percent, and New Leadership candidate Gustavo Beliz received 13.09 percent. [passage omitted]

Argentina: Chief of Cabinet Rodriguez Interviewed

96SM0411A Buenos Aires LA NACION in Spanish 16 Jun 96 Section 1 p 12

[Interview with Chief of Cabinet Jorge Rodriguez by correspondent Claudia Boragni: "The Airports Would Have a Sole Owner"; place and date not given]

[FBIS Translated Text] A Change: Jorge Rodriguez admitted that privatization would centralize the operation of the airports in a single consortium; the structure of the cabinet will be reformed by creating new ministries.

Chief of Cabinet Rodriguez disclosed that the executive branch's proposed on privatization of airports could be changed and, instead of dividing the transfer between two consortiums, with Ezeiza and Aeroparque as their two focal points, adjudication could go to a sole beneficiary.

In an interview granted to LA NACION, the chief of cabinet announced that the creation of a new ministerial structure is under study.

[Boragni] In State Reform II, does the Chief of Cabinet's Office coordinate or execute programs?

[Rodriguez] That responsibility involves both coordination and execution. The office combines all of the functions necessary to complete the task. There is a dialogue between all of the functional roles.

[Boragni] The disappearance of the Ministry of Labor was mentioned recently....

[Rodriguez] That is not included in our working program.

[Boragni] What is the spirit of state reform?

[Rodriguez] To create a new state that performs new roles. A state that is no longer a business operator and that uses its resources efficiently for essential purposes, such as defense, security, justice, health, and education. Today, social welfare accounts for 70 percent of budget expenditures. These funds must be managed efficiently, which does not mean reducing them. Everything saved in the social welfare sector will be reinvested in the same area.

[Boragni] Might there be mergers or the elimination of ministries, or the creation of new ministries?

[Rodriguez] Secretariats and undersecretariats will be eliminated. And in the context of more efficient use of resources, if that means that the creation of a new ministry might be considered, then the creation of a ministry is going to be one of the options.

[Boragni] For example?

[Rodriguez] That is as far as we go. This information will be given to the president in 10 days. Then he will decide....

[Boragni] Are there other alternatives?

[Rodriguez] There will be six or seven proposals.

[Boragni] Will the reform bring about a reduction in spending?

[Rodriguez] It must bring about a more efficient use of resources. The main objective is to increase the operational budget of each area without increasing the total budget. All of the areas have requested increases that, together, come to 3 billion pesos. The standard is the current budget which has not changed in the last three years. For example, the Armed Forces and security budget is not going to be reduced, as was publicly recommended, nor will it be increased. The objective is to restructure and eliminate organizations, as happened with the National Superintendency of Borders.

The Cost of Reform

[Boragni] For example what other organizations will be eliminated?

[Rodriguez] This has not been decided.

[Boragni] What will be the cost of the reform, including credits?

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[Rodriguez] If I gave you a figure I would be lying.

[Boragni] What are the estimates?

[Rodriguez] There are no figures.

[Boragni] What will happen with social programs?

[Rodriguez] The parameter is free choice among the labor union social programs. Free choice will not be offered for prepaid programs.

"Privatization of the airports could raise $1 billion; privatization of Encotesa and the nuclear plants is on track; on the other hand, the sale of Yacyreta is more complicated."

[Boragni] Who is in charge of managing the privatization of the airports?

[Rodriguez] For now, it is in the hands of the Chief of Cabinet's Office. The president will decide whether to transfer it to the Ministry of Economy. (Editor's note: Secretary of Energy Carlos Bastos will be in charge.)

[Boragni] How much will the airports bring in?

[Rodriguez] The figure mentioned is 1 billion pesos. The senators came to see us last week with a number of changes that we are going to study.

[Boragni] What changes?

[Rodriguez] The question of whether to privatize with one consortium or two (Ezeiza and Aeroparque). We would agree to doing it with one consortium.

[Boragni] One consortium would acquire all the airports in the country?

[Rodriguez] Exactly. I do not think there are any problems. Two consortiums do not mean either better service or competition. What is important is that service improves, that people benefit, and that there be some profitability.

[Boragni] Can you deal with the criticism that this would be a monopoly?

[Rodriguez] It was the World Bank that recommended two consortiums. According to our analysis, there could now be one owner, but that is a decision to be taken by the legislators, in the final analysis, it is the legislative route.

[Boragni] How are the other privatizations going?

[Rodriguez] Encotesa (posts) [National Postal and Telegraph Company, Inc.] is still on track and we will probably soon have the legislative framework for its privatization. The nuclear plants are also going forward. Yacyreta is more complicated.

[Boragni] Are you in favor of privatizing the Banco Nacion?

[Rodriguez] Neither the Banco Nacion nor the Hipotecario are going to be privatized.

"The air island is the responsibility of the national government and entails an investment of $1.5 billion. We discussed it with candidate Jorge Dominguez, who we are sure is going to win."

Candidates Discussed

[Boragni] Is there going to be an air island or not?

[Rodriguez] Those who are working on the subject say that the air island and airports programs are in conflict with one another.

[Boragni] Who will decide about the air island: the government or the future port manager?

[Rodriguez] It is the responsibility of the national government. The candidates say that if the proposal is enacted, the entire air park area will become a park. We agree with that. We discussed it with Dominguez and he also agreed.

[Boragni] Have you considered the possibility that Dominguez might not win the election on the 30th?

[Rodriguez] He is certain to win.

[Boragni] How much would the air island cost?

[Rodriguez] It is a private project. It would involve an investment of $1.5 billion.

[Boragni] Who is working on the air island proposal besides Alvaro Alsogaray?

[Rodriguez] Nobody.

Dismissals To Be Known in 60 Days

[Boragni] How many people will be let go?

[Rodriguez] The number of people has not been determined because that is not the purpose of the reform. In any case, the elimination of organizations that will cause a reduction in personnel is going to be decided in 60 days. Personnel from some organizations will probably go to work elsewhere, where they are needed.

[Boragni] What will be done with people who are dissatisfied?

[Rodriguez] The purpose of the reform is to downsize the state and make it more efficient. If jobs are lost during this process, the people will become the responsibility of the Labor Reconversion Fund. But this reform is different from State Reform I in that a network for

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the settlement of social disputes will be established for these cases.

[Boragni] How long will the fund be in effect?

[Rodriguez] One year.

[Boragni] How will it be financed?

[Rodriguez] Credits from the World Bank will be required and, in addition, savings will be utilized from the restructuring of the PAMI [Comprehensive Medical Assistance Plan], Anssal [National Health Insurance Administration] and the Anses [National Social Security Administration].

[Boragni] Is it certain that there will be dismissals?

[Rodriguez] Not dismissals in the sense of those in the first reform nor in what one thinks of as dismissals.

[Boragni] Will 20,000 police officers be laid off, as has been mentioned?

[Rodriguez] There are no figures, large or small.

[Boragni] How is the reorganization of the Armed forces going to be done?

[Rodriguez] The purpose is to achieve a larger operating budget; to do that, the Ministry of Defense has to send us recommendations.

[Boragni] Do you foresee any salary increases for the Armed Forces?

[Rodriguez] Anything that involves a budget increase is not to be expected.

[Boragni] What do you estimate the rate of unemployment will be?

[Rodriguez] There are no estimates. There is expected to be a decline, but I would be lying if I told you how much.

[Box, p 12]

The Air Island, a Card up the President's Sleeve

Chief of Cabinet Jorge Rodriguez told LA NACION yesterday that the air island proposal has not been filed away. However, according to government sources, the initiative being handled by Alvaro Alsogaray seems to be a card up President Carlos Menem's sleeve, to pressure his senators and Economics Minister Domingo Cavallo to agree to a line on airport privatization and to follow that line.

Alsogaray recently modified his air island proposal. He plans to add 500 meters to the runway, as well as several beaches to use as tourist resorts, according to official sources. He informed Rodriguez of this 10 days ago. The airport would combine the international flights that operate from Ezeiza and local flights that use Jorge Newberry.

Therefore, according to reliable sources, if Alsogaray's dream comes true, the entire privatization proposal for the airports would have to be reexamined. The two principal focal points would cease to exist. However, no one is betting many chips on such an ambitious scheme and one so opposed by Buenos Aires citizens, who are going to elect a port manager in two weeks.

In addition, if the transfer of the airports to private hands occurs in a relatively short time, the two successfully bidding consortiums—there could be one as reported elsewhere—for the respective airports would not allow the creation of that kind of floating competitor. The complex, off the shores of Buenos Aires, would not be viable.

There will be no bidding for the island investment. A Netherlands company has every official guarantee for the undertaking.

New clashes are to be expected between Cavallo and the Justicialist senators, especially Eduardo Menem and Augusto Alasino, over the controversial airport privatization. And it is no wonder. Behind the promoters of the unification of the areas, some see the hand of Alfredo Yabran.

Bauza Is Still Someone To Consult

Jorge Rodriguez was careful but did not avoid speaking about his predecessor, Eduardo Bauza, and about Rodolfo Barra's proposal on law suits against the state.

[Boragni] Is the political importance of the chief of cabinet today the same as it was in Bauza's time?

[Rodriguez] If I say yes, it reflects on Bauza, and if I say no, it reflects on me. Let me say this: Bauza, because of his political career, besides being chief of cabinet, was Bauza. Because of his relationships, wherever he would always be important because of what his advice was worth, his experience.... He is a person who I always consulted as minister of education.

[Boragni] Do you still consult with him?

[Rodriguez] I have spoken with him, and I will continue to speak with him on certain subjects, such as privatization.

[Boragni] Did you speak with him at Menem's suggestion?

[Rodriguez] My job is talk with everyone. I also talk to Matzkin and Alasino. I try to strengthen the institution of chief of cabinet rather than the person.

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[Boragni] What do you think of Minister Barra's proposal on the payment of indemnities to private persons?

[Rodriguez] If a situation comes about where the state loses all suits, the result would be a loss for all society. We hope that citizens will not be defenseless against a litigious country. But I do not have an answer because I do not have the proposal.

[Boragni] Cavallo had an answer.

[Rodriguez] Well my answer is that I am not in favor of a litigious country. I agree with the citizen's rights.

[Boragni] Then you agree with Cavallo?

[Rodriguez] No, I agree with the citizen.

[Boragni] Do you think that there is judicial security in Argentina?

[Rodriguez] Well, democracy helps us to make progress in judicial security, and I believe that if the state is defenseless and loses all of its cases, this will not help the state to provide services; such as a state in which anyone can win a case, as happened with Anses.

[Box, p 12]

Duhalde Is the Natural Candidate

[Boragni] What is your prediction for the 1997 election?

[Rodriguez] The most natural and solid candidate is Duhalde. But my job is not to promote candidates but to work as chief of cabinet.

[Boragni] Would you like Menem to run again for reelection?

[Rodriguez] My wishes cannot vary from what is established in the Constitution.

[Boragni] But if the Constitution had a clause that permitted reelection?

[Rodriguez] It does not have one.

[Boragni] How has your relationship with Congress evolved since you became chief of cabinet?

[Rodriguez] I think very well. I was a member of Congress and I have a good relationship with both houses.

[Boragni] Who are your best friends in the cabinet?

[Rodriguez] They are all my friends.

[Boragni] Are you a friend of the president?

[Rodriguez] (He laughs) I consider myself a friend of the president.

[Boragni] Why did you fight with Miguel Sole, the ex-number two in the Chief of Cabinet's Office?

[Rodriguez] It was not a fight. It was different views on several subjects.

[Boragni] Do you have electoral ambitions?

[Rodriguez] At this point, my job is to carry out the president's orders. I concentrate on my job and I do not speculate.

[Boragni] Do you rule out a candidacy?

[Rodriguez] If I say that I do not rule it out, it will be interpreted as if I were a candidate for something. No one rules out anything in their lives. But I am not working for it.

Argentina: Cavallo Leaves for Canada To Meet Entrepreneurs

PY0107182796 Buenos Aires TELAM in Spanish 0045 GMT 1 Jul 96

[FBIS Translated Text] Buenos Aires, 30 Jun (TELAM) — Economy Minister Domingo Cavallo tonight left for Canada where he and some Argentine entrepreneurs will meet with Canadian entrepreneurs.

The minister tonight boarded an American Airlines plane for New York where he will take another flight for Vancouver. He will arrive at 1700 on 1 July in Vancouver.

Cavallo will meet the Argentine entrepreneurial delegation and two hours later he will meet Simmons Corporation and West Coast Energy company directors.

On 3 and 4 July, the minister will visit the cities of Calgary and Toronto where, among other activities, he will meet Alberta Energy Pipelines President Gwyn Morgan and Alberta Province Energy Minister Pat Black.

On 4 July, Cavallo will meet Barrick Gold Corporation Director Peter Munk in Toronto.

The minister will leave for Buenos Aires on 6 July and arrive on 7 July at the Ezeiza international airport.

Argentina: Menem Views Poverty, Unemployment Rates

PY0107182396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1132 GMT 1 Jul 96

[FBIS Translated Excerpt] La Rioja, 1 Jul (NA) — President Carlos Menem has emphasized that the "cost must be paid" if we are to "transform" our country. He noted, however, that "it is worth" the effort "to economically and financially streamline" Argentina.

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Menem emphasized: "No one doubts Argentina has grown." He indicated: "There are no lines for gasoline and services are operating, but the price must to paid."

The president then emphasized that the latest official data on unemployment indicates "something very important," namely that "the upward trend in unemployment has been reversed."

Menem argued: "If the poverty rates fell, it is because the unemployment rate also fell." He added that "there are many unregistered labor activities" in Argentina. Workers do not register their activities as they fear reprisals from employers.

The president added: "The unemployment rate was almost 19 percent in May 1995, and now it is 17 percent."

Menem emphasized: "Argentina has the lowest inflation rate in the world." He noted: "Our country's transformation project will not remain halted any longer." [passage omitted]

Bolivia

Bolivia: U.S. Role in Antinarcotics Operation Protested

PY0207034496 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 1 Jul 96

[FBIS Translated Text] Opposition Deputies Sergio Medinacelli and Ramiro Barrenechea have termed illegal the entry to Bolivia of 30 military men and physicians of the U.S. Armed Forces to participate in Operation Laser Strike.

It has been learned from official sources that Operation Laser Strike is designed to dismantle drug production and transportation. Barrenechea said that Operation Laser Strike is a unilateral U.S. strategy, in view of the fact that the Bolivian Government has not been consulted about this operation.

[Begin Barrenechea recording, in progress] ...Consequently, this is an illegal U.S. action in Bolivia. However, the presence of the 30 U.S. military men that has already been ordered, must be authorized by Congress, despite any decision that could have been adopted by the U.S. Government without consulting the Bolivian Government beforehand. This is an unavoidable constitutional requisite. [end recording]

Medinacelli, president of the Chamber of Deputies' Drug Trafficking Control Commission, in turn, said he is asking Defense Minister Jorge Otasevic and Government Minister Carlos Sanchez Berzain for a verbal report on the illegal entry of 30 U.S. military men into Bolivia.

According to the government, the U.S. military men came to Bolivia to heal wounds rather than to kill drug traffickers. The government started July off with a headache because of the militarization of the drug enforcement.

Reports mention the arrival of a U.S. contingent to allegedly carry out the multinational Operation Laser. In this regard, Defense Minister Jorge Otasevic voiced his surprise at press reports. He said that no Operation Laser is being carried out in Bolivia that, on the contrary, only physicians, experts, and nurses have arrived in the country.

[Begin Otasevic recording] A course is currently being carried out at the 2d Air Brigade, headquartered in Cochabamba, that has nothing to do with Operation Laser Strike. It is a health operation. It is a hospital aircraft that brought nurses, experts, physicians, specialists, head physicians, and psychologists to offer a first aid course and air navigation physiology courses. The [word indistinct] and rescue group and the Red Cross are participating in this course. [end recording]

Social Defense Secretary Victor Hugo Canelas stated that no decision has been made to militarize drug enforcement. He thinks that it is mere speculation, due to the fact that Government Minister Carlos Sanchez Berzain said that the Armed Forces should not poke their noses into this matter.

Brazil

Brazil: Cardoso Names Arruda as Leader in Congress

PY0107223296 Sao Paulo AGENCIA ESTADO in Portuguese 2220 GMT 27 Jun 96

[Report by Isabel Braga]

[FBIS Translated Text] Brasilia, 27 Jun (AE) — President Fernando Henrique Cardoso today introduced Senator Jose Roberto Arruda, Brazilian Social Democracy Party [PSDB-Federal District], as the new government leader in Congress. Sen. Arruda replaces Deputy Germano Rigotto (PMDB-RS) [Brazilian Democratic Movement Party-Rio Grande do Sul], who resigned late in May in order to run for mayor of Caxias do Sul (RS). Arruda said: "I am going to share the responsibilities stemming from my office with the government leaders in the Chamber of Deputies and the Senate, and with Political Coordination Minister Luiz Carlos Santos."

After a meeting with Senate leaders to discuss the agenda of the special period of sessions to be held in July, President Cardoso summoned the reporters accredited to Planalto Palace to his office and introduced

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the new government leader in Congress to them. Arruda's appointment has been instrumental in placating the PSDB members, who were unhappy over Santos' appointment as political coordination minister.

Arruda stated today that the main PSDB leaders have welcomed his appointment. Arruda conferred today with Senator Teotonio Vilela (AL) [Alagoas], president of the PSDB; and with Deputy Arthur Virgilio (AM) [Amazonas], secretary general of the party. He added: "More than satisfied, the PSDB members are now committed to playing a greater role in the coalition that gives sustenance to the administration."

Brazil: Privatization Council Sets Up Auction Timetable

PY2806235196 Sao Paulo AGENCIA ESTADO in Portuguese 2042 GMT 27 Jun 96

[Report by Odail Figueiredo]

[FBIS Translated Text] Brasilia, 27 Jun (AE) — The National Privatization Council (CND) has decided to include 31 ports — including the two largest in the country, those of Santos and Rio de Janeiro — and 11 electricity generation and distribution systems in the government privatization program. The CND also created a work group that will present in 30 days a presidential decree proposal establishing new rules for the transportation, electricity, and communications sectors. The CND agenda does not include the privatization of the federal telecommunications companies.

The ministers who make up the CND approved 8 decisions or recommendations for the president, including a timetable of government actions in the field of privatization for the next 9 months. The timetable envisages the auctioning of the Vale do Rio Doce Company (CVRD) on February 1997. Its privatization model will be defined by September, and the bid call will be published in October. As of October, on the basis of one per month, the government will begin to sell the warehouses of the AGEF [Federal Network of General Railroad Warehouses] which is controlled by the Federal Railroad System, Inc. (RFFSA)

The National Bank for Economic and Social Development (BNDES) was ordered to define a special long-term credit line to support the port privatizations. "The current financing lines have an 8-year deadline, which is incompatible with returns on port investments, which take a long time to appear," said BNDES President Luis Carlos Mendonca de Barros.

Planning Minister Antonio Kandir confirmed the exclusion of the Meridional Bank from the list of federal companies in the privatization program. He said this does not mean the government has given up the idea of privatizing it. Kandir said: "Our clear intention, which we now confirm, is to privatize the Meridional Bank." He added that the Meridional Bank sale will be discussed by the Finance Ministry which is preparing a provisional measure establishing rules for the privatization of state banks.

Kandir did not want to comment on the proposal by Rio Grande do Sul Governor Antonio Britto who suggested the government should merge the Meridional Bank with the Rio Grande do Sul Regional Development Bank (BRDE), the Banrisul, and the State Savings Bank into a new institution that would remain under the control of the Rio Grande do Sul administration. Kandir could not help but criticize Britto, saying: "I have much respect and admiration for the governor, who is my friend, but he is not member of the CND." Kandir added: "The Meridional was not and has not been object of discussion at the CND."

The CND established the auction dates of the next stretches of the Federal Railway System. The Southeastern network is a wide-track system that links Rio de Janeiro, Sao Paulo, and Belo Horizonte. It will be privatized on 20 September. The Teresa Cristina network of Santa Catarina will be auctioned in November, and the Southern network of Rio Grande do Sul will be auctioned in December.

The Northeastern network, which is the last stretch of line to be sold, will be auctioned in March 1997, thus concluding the transfer of federal railway lines to the private sector under a 30-year concession contract.

Kandir explained that the timetable defined today only represents a work agenda that could be modified with the adoption of new measures. The next CND meeting will take place on 21 July, when proposals for regulations for the infrastructure sector will be analyzed. The decree will also establish the way government bodies that will regulate and control the infrastructure sector will work.

The CND also suggested to the president negotiating with Congress on the need to prioritize the draft bills on the regulation of the capital market and corporations. These draft bills, which modify the way companies can be subdivided, were presented by Kandir when he was still a deputy. They will simplify the privatization of public companies.

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Brazil: Angra-3 Construction to Resume Within 2 Years

96P20449A Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Jun 96 p 21

[Article by Tania Malheiros]

[FBIS Translated Text] Halted 20 years ago, construction of the Angra-3 nuclear power plant will be resumed in the next two years, according to aresolution of the Sectorial Program Coordination Group (GCPS) of the Brazilian Electric Power Company, Inc. (Eletrobras). The information was provided on 3 June by Ronaldo Fabricio, president of Brazilian Nuclear Corporation, Inc. (Nuclebras) Engineering, during the seminar Regional Cycle of Debates on Nuclear Energy. The seminar was sponsored by the National Nuclear Energy Commission (CNEN), which is under the jurisdiction of the Strategic Affairs Secretariat of the Presidency of the Republic, and was held in the Nuclear Engineering Institute on the Ilha do Fundao. Fabricio said that Angra-3 will go into operation in 2005, according to GCPS estimates.

During the same seminar, CNEN Licensing and Control Superintendent Ana Maria Xavier announced that studies have been resumed to select sites where radioactive residue (atomic waste) will be stored. But we are not going to identify the sites under consideration," Ana Maria said, justifying the secrecy with the argument that 15 years ago, when the sites under consideration at the time were revealed, "there was a very big uproar. Angra-3 is part of the Brazil-Germany Nuclear Accord signed in 1975 which provided for the construction of eight nuclear power plants in Brazil. With the Government's decision to give priority to the parallel (military) nuclear program, for the purpose of mastering the fuel (uranium enrichment) cycle, the project involving the power plants was suspended. Today, Angra 3 is merely an enormous crater beside Angra-2 in the municipio of Angra dos Reis (Southern Coast of the State of Rio de Janeiro)

According to Pedro Figueiredo, director of Thermonuclear Production of Furnas Electric Power Plants, Inc. (Furnas), Angra 3 has already cost $1 billion. The amount that will be necessary to invest to complete the power plant "depends on a good budget evaluation," the Furnas director said. Figueiredo remarked that approximately 40 percent of the equipment for Angra 3 has already been purchased from Germany and Brazilian firms, and is being stored in the storage facilities of the Angra nuclear complex. "Since construction was halted a long time ago, an extensive evaluation, including of the equipment, will be necessary in order to restart it," Figueiredo commented.

When in operation, Angra-3 will have the capacity to generate 1220 megawatts — equivalent to 40 percent of the electric energy consumed in the city of Rio de Janeiro — when operating at 100 percent of its power. This energy will enter into the Furnas system and be distributed to the entire Southeast Region.

Brazil: Study Shows Small Banks at High Risk

96SM0414A Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Jun 96

[Article by Maria Luiza Abbott and Flavia Sekles: "Study Shows Small Brazilian Banks at High Risk" — received via Internet]

[FBIS Translated Text] **Standard & Poor's also says that large institutions do not know how to make loans.**

Brasilia—Small Brazilian banks are the ones presenting the highest risk in all of Latin America, according to an evaluation by Standard & Poor's, one of the most respected U.S. credit rating agencies. The firm devoted five pages of its weekly magazine to Brazil's financial system and warned: "Investors and large depositors are at risk if they deal with small Brazilian banks whose financial profiles are fragile."

A table prepared by Standard & Poor's points to the deterioration in loan portfolios held by the principal institutions. Between 1994 and 1995, the default rate increased substantially at the six largest banks, excluding the Bank of Brazil. The percentage of write-offs (canceling assets and recording them as expenses or losses) also increased, and allocations to reserves for doubtful debts fell.

The agency emphasizes that the largest Brazilian banks are within an acceptable risk margin although they performed poorly in 1995, their first full year under the Real Plan. "The deterioration in the quality of those banks' assets is attributed to the weakening of the industrial and consumer sectors due to the high interest rates," says Standard & Poor's.

Analysts John Chambers and Hilario Nuno also write that large banks such as Bradesco, Itau, and Unibanco present an acceptable risk and that if those banks can "halt the deterioration of their loan portfolios and if the economy stabilizes, they will be in a position to become the continent's leaders."

Homework—The agency claims that the best Brazilian banks succeeded in recovering part of their losses due to the sharp drop in inflation by increasing their fees and achieved large gains by personnel cutbacks. "But Brazilian banks have still not learned how to make loans."

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According to the study, the level of problem loans is smaller here than in the largest Argentine and Mexican banks. But when that result is adjusted for the cycle in which the Brazilian economy currently finds itself, the Brazilian banks turn out to be in a worse position than the Mexican and Argentine banks. "The amounts (of problem loans) recorded by some Brazilian banks are underestimated because a good share of their loan portfolios has been renegotiated," it says.

Shortcomings—But in the agency's opinion, two structural shortcomings in addition to the drop in inflation itself are chiefly responsible for the high risk presented by the banking system. Among the more economically developed Latin American countries, Brazil is the only one that lacks a agency for rating the risk of bank loans.

Two weeks ago, Pedro Parente, executive secretary of the Ministry of Finance, and Gustavo Loyola, president of the Central Bank, were in New York discussing the establishment of an agency of that type. And Standard & Poor's was in fact one of the firms which the pair visited to inquire about the model to be adopted.

Compulsory deposit—The excessive regulation required by the government is another reason for the national banking system's high level of risk, the agency says. The study claims that Brazil is the only one of Latin America's larger countries to require that private banks direct a substantial portion of their loans into specific areas of the economy—housing, for example. Another distortion is the large compulsory deposit required by the Central Bank as a percentage of demand and term deposits

Brazil: BC Refutes Standard & Poor's Risk Study

96SM0414B Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Jun 96

[Article by Maria Luiza Abbott: "BC Denies Banking System's Risk" — received via Internet]

[FBIS Translated Text] Brasilia—Claudio Mauch, director of supervision at the Central Bank [BC], has dismissed the possibility that the Brazilian banking system is running risks, as is claimed by Standard & Poor's, one of the most respected rating agencies in the United States. "I don't believe in a systemic risk," Mauch said.

The study prepared by the agency claims that Brazilian banks present the greatest systemic risk—the possibility that failure by one institution might drag down the others—Latin America. Mauch claimed: "The data we have about the level of capitalization and the compulsory deposit rule out that possibility."

Gustavo Franco, director of the BC's external area, says that he also does not accept Standard & Poor's evaluation. "The level of technological development achieved by Brazilian banks is very high," Franco said praisingly. The director also emphasized the success by domestic banks abroad. "Note the performance of Brazilian banks in Argentina, for example," he said.

Franco was referring to the results achieved by the Itau Bank, the first to open branches in Argentina. That Brazilian bank pioneered the installation of electronic cash machines for its customers in Buenos Aires. The BC director said he had not seen the Standard & Poor's study. But he said that information from his advisers indicated that there were contradictions in the agency's report.

"They (the agency) admit that when it comes to some indicators, Brazilian banks are doing better than any others in Latin America," Gustavo Franco said. The agency says in its study that the performance of Brazilian banks could be better, but that is reversed when the situation is evaluated in different economic cycles.

Brazil: Government To Create New Long-Term Credits

96SM0414C Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Jun 96

[Unattributed article: "Government Creates Long-Term Credits" — received via Internet]

[FBIS Translated Text] The government is expected to announce before long the creation of long-term credits to stimulate housing, agriculture, and small and medium-sized firms. For that purpose, modern capital market mechanisms will be adopted. The study should be complete by the middle of July. "We want to get out of the short-term trap," says Jose Roberto Mendonca de Barros, secretary of economic policy in the Ministry of Finance.

What is being worked on in the government is the adoption of a security instrument to guarantee the necessary funds. In the case of housing, for example, mortgages would be secured. In the case of small and medium-sized firms, the idea is to secure sales. That is, long-term bonds would be sold in the market for transfer to the areas of housing, agriculture, and small and medium-sized firms.

Jose Roberto Mendonca de Barros explains that those measures are aimed at attacking the two major traps in which the government is caught today. The first is the exchange rate. The secretary of economic policy even admits that there may possibly be a gap, but says it must not be combated by devaluing the real. Especially since it is necessary to consider the productivity gains

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which industry has achieved and which may offset that problem. The other trap is slow growth.

In that context, the solution being studied by the government, according to Jose Roberto Mendonca de Barros, calls for adopting the model used in the so-called Asian countries—that is, encouraging exports and building up domestic savings. And there is no mystery about how to implement that model. Export incentives are produced by measures to eliminate the so-called Brazil cost, which the government is studying. And as far as domestic savings are concerned, the remedy is to go further with fiscal adjustment. Jose Roberto says: "It is not by accident that 80 percent of my time is devoted to fiscal adjustment."

Brazil: Covas Denies Funding Politically Motivated

96SM0414D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 96 p A8

[Article by Elisabeth Lopes, Mariana Caetano, and Claudia Dianni: "Covas Throws Party To Release Funds"]

[FBIS Translated Text] *The governor claims that funding for 537 municipalities does not have a vote-getting objective.*

There was a party atmosphere at Bandeirantes Palace yesterday. The state government released a total of 41.61 million reals all at once for 537 municipalities in the interior. About 500 mayors were at Bandeirantes Palace in the morning for the signing of the agreements.

The party continues today with a new round of contract signings. Anticipating criticism from the opposition, Governor Mario Covas made it a point to begin his speech by claiming that the event had no votegetting connotations: "I would be pursuing an election policy if I were releasing funds only to the mayors in my party."

Despite saying that "it does not make much difference" to him if he is accused of using the state machinery, the governor was on the defensive: he had armed himself with data to prove impartiality in the distribution of funds. The PMDB [Brazilian Democratic Movement Party] is in power in 42.26 percent of the municipalities receiving funds, and it received 44.34 percent of the money; the PFL [Liberal Front Party] is in power in 12.26 percent and received 14.64 percent; the PSDB [Brazilian Social Democracy Party] controls 16.29 percent and received 15.75 percent; the PT [Workers Party] administers 1.6 percent and received 1.10 percent; and the PPB [Brazilian People's Party] is in power in 8.87 percent and received 7.22 percent.

Benefits—Besides that allocation of 41.61 million reals, 152 municipalities have already benefited from the transfer of 33.98 million reals, and that, added to the amount released yesterday, brings the total to 75.59 million reals. The areas most favored by the contracts are housing, transportation, health, and sanitation.

The total amount is the equivalent of 40,958 housing units and 791.3 km of roads. The largest share of the money (3.62 million reals) went to 14 municipalities in the Registro area, the poorest in the state. Nine municipalities in the Santos Lowlands and seven in the ABC [Santo Andre, Sao Bernardo, and Sao Caetano do Sul] area did not receive any money.

The signing of the contracts took place in high style. A minifair of exhibits—ExpoCovas—had been set up in Bandeirantes Palace's huge reception hall. Seven stands displayed the current state administration's achievements, and well-trained officials were giving the mayors who were signing agreements advice on the partnerships they could form in their cities.

Strategy—The state government decided to release the funds all at once in accordance with a new action strategy, Lieutenant Governor Geraldo Alckmin explained. "Previously, the release of funds was used as a bargaining chip," he said. Alckmin noted that now, by releasing the whole amount at once in a public ceremony attended by the mayors, it is made obvious that the state government is not favoring anybody.

Besides, he explained, the funds had to be released by 30 June, that being the deadline stipulated in the new election law for transferring funds. Covas explained that the funds were being released in an election period because "things are not happening as fast as we would like," and he blamed the bureaucracy for the slowness of the entire process.

At the start of the ceremony, the speech by the chief of the Civilian Household, Robson Marinho, "irritated" the governor. At one point, Marinho asked that everyone stand up. When they did, he said: "Let us applaud our governor, an austere and honorable man." The applause surprised the governor and made him uncomfortable.

Brazil: Internal Crisis Threatens Rio PSDB

96SM0415A Sao Paulo GAZETA MERCANTIL in Portuguese 19 Jun 96 p A10

[FBIS Translated Text] The identity crisis in the PSDB [Brazilian Social Democracy Party] in Rio is much worse than Governor Marcello Alencar thinks. Yesterday, Senator Artur da Tavora told a *tucano* congressman that it was out of indignation that he didn't participate in the convention that nominated Deputy Sergio Cabral Filho for mayor, and complained about a lack of democracy within the party. The senator was especially

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irritated by a note released by Marcello, according to which his name was not submitted to the PSDB as a candidate. The speech by Da Tavora, who is resigning from the municipal board of the PSDB, is quoted here by his adviser, Gilberto Braga: "The PSDB is a democratic party. Ciro Gomes says whatever he wants and is not censured. But Ronaldo (Cezar Coelho) was silenced," the speech said, according to Agencia O GLOBO.

Marcello denies the party is divided. He says the frustration of a party member who could not get his name submitted does not signify a crisis or split. "They are ascribing too much importance to people who are of no political importance. There is no split, as you will see when the campaign takes to the streets," he said.

Governor Marcello Alencar said he talked by phone with the president of the Republic, and that Fernando Henrique Cardoso told him that internal disputes are normal.

Da Tavora and Ronaldo Cezar Coelho talked on the evening of the convention. That they have joined forces illustrates the displeasure of two charter *tucanos* with the lack of PSDB identity in Rio. Coelho, who left for Brasilia day before yesterday, is even thinking about repeating the speech he made at the PSDB when he assumes his seat in the Chamber. Exasperated, the ex-secretary told a friend that: "The PSDB has turned into a mish-mash."

About to receive yet another stranger into the nest (PDT [Democratic Labor Party] Deputy Walney Rocha), the PSDB is experiencing the kind of crisis that is typical of many parties that achieve power. Walney, who is negotiating with Lieutenant Governor Luiz Paulo Correa da Rocha about his affiliation with the PSDB, will be the 22nd state deputy in a delegation that started out with 12. Of the new members—who came from a wide variety of parties, like the PL [Liberal Party] and PMN [National Mobilization Party]—five were from the PDT. Among them is State Deputy Alice Tamborindeguy, whose slogan used to be "Brizola's deputy" and who refused to speak to Marcello in 1991. Similar growth has occurred in the party's federal legislative delegation. In 1994, the PSDB elected five deputies. Now it has 11, thanks to affiliation of new congressmen, including Simao Sessim, Jose Carlos Lacerda (formerly of the PPR [Progressive Renewal Party]), Itamar Serpa (ex-PDT), and Candinho Mattos (ex-PMDB [Brazilian Democratic Movement Party]).

The leader of the *tucano* delegation in the state legislature, who says he is certain that Walney will join the party, does not hide the fact that Marcello fears that the PSDB will become a hodgepodge. He reiterated that the new members have an ideological affinity with the party, praised Sessim, but avoided mentioning Serpa. "The governor is concerned about the new affiliations. If he is not careful, the PSDB would have all sorts of congressmen...."

Deputy Eduardo Mascarenhas said the party is not losing its identity: "Marcello contributed the common touch," he said. Mascarenhas, however, admits that Marcello exerts a strong influence in Rio. According to him, this is natural, since the PSDB is in office.

"Marcello is the governor, and that's why he has clout. Every party whose members hold office is that way. Was there any democracy in the PFL [Liberal Front Party] when it selected Conde (Luiz Paulo), for example?" he argued.

Sergio Cabral Filho is trying to change the picture and re-establish unity. Last Sunday he phoned Ronaldo in an attempt at rapprochement with his rival. He couldn't reach him because the former secretary was out walking.

Yesterday, Marcello was commended by the president of the Flamengo soccer team, Kleber Leite and by players Savio and Bebeto, who called on him to seek support for construction of the team's shopping center. Kleber said he will vote for Sergio Cabral Filho, but Bebeto and Savio did not echo him. Marcello was given T-shirts that were half Flamengo, half Botafogo. Sergio was given one that was half Vasco and half Flamengo. Unwittingly, Kleber had selected gifts that symbolize the party's situation in Rio: divided on the subject of opposites.

Brazil: Failed Alliances Characterize Rio Race

96SM0415B Sao Paulo GAZETA MERCANTIL in Portuguese 19 Jun 96 p A10

[Article by Rio correspondent Christiane Martinez]

[FBIS Translated Text] The process of finalizing the political party situation in Rio has been traumatic. Attempts at alliances between the PSDB [Brazilian Social Democracy Party] and PFL [Liberal Front Party] ended in a loud shouting match between Governor Marcello Alencar of the PSDB, and Mayor Cesar Maia of the PFL. The attempt by Deputy Ronaldo Cezar Coelho to compete at the PSDB convention with "marcellist" candidate Sergio Cabral Filho literally ended up in a fistfight in which Ronaldo Cezar was the victim. The Rio PMDB [Brazilian Democratic Movement Party] also got water up its nose, sunk by an internal quarrel that has not yet been resolved.

The outcome of the battles is this: of the eight candidates for mayor, only Miro Teixeira, of the PDT [Democratic Labor Party], has formalized an alliance. He will be

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backed on 3 October by a coalition of the PDT, PC do B [Communist Party of Brazil] and PSB [Brazilian Socialist Party]. The other parties will probably put up their own candidates, leaving the question of alliances until the runoff.

There is still a chance that the *tucano* candidate, Deputy Sergio Cabral Filho, will forge a coalition with the PPB [Brazilian Progressive Party], the party of Industry Commerce and Tourism Minister Francisco Dornelles. That would remove from the mayoral race radio personality Haroldo de Andrade, at this point the PPB's most likely candidate.

The leading strategist in the alliance between the PSDB and the PPB has been Dornelles himself. He has put tremendous effort into sealing a union with the Rio governor. Initial talks centered on a reshaping of the base of support for the federal government, i.e., a union between the PSDB, PFL, and PPB. The attempts failed because Alencar and Maia could not agree. Even so, the PPB will probably join the PSDB, according to reports from Sergio Cabral.

Cabral has also been sounding out the PMDB, a party split between two possibilities: running Deputy Albano Reis as its candidate, or backing the governor's candidate. Incidentally, Reis—even without his party's support—is competing with Cabral and the PDT's Miro Teixeira for the top spot in the opinion polls. In coalition with the PSDB, Albano Reis would be an important component of Cabral's campaign. This is because Reis is well established in Rio's North Zone, where he is better known as the "Santa Claus of Quintino."

One of the proposals for the accord with the PMDB that is being discussed by the *tucanos* and will be placed on the table for negotiations with Albano Reis is the idea of giving a PMDB federal deputy a government secretary post in a future Cabral administration. A source connected with Cabral said this idea might please "Santa Claus," since in that case his wife, Wanda Reis, the first alternate, would win a seat in Brasilia.

For the time being, Albano is not only denying that negotiations are taking place; he is dismissing any possibility of a first-round coalition. Until otherwise ordered by the party, he is already actively campaigning. In fact, his campaign committee will set up shop at the PMDB's regional headquarters.

PT [Workers Party] candidate Chico Alencar will also set up his campaign headquarters at his party board's office. He hopes to take his campaign to the streets on 1 July with a parade in which Senator Benedita da Silva, Luis Inacio Lula da Silva, and Party Chairman Jose Dirceu will take part. Meanwhile, Cesar Maia's candidate, Luis Paulo Conde, not well known among Rio voters, has not made his presence felt in the campaign. The same is true of PPS [Socialist People's Party] candidate Sergio Arouca.

[Box] List of candidates and parties in the race for mayor of Rio de Janeiro: (1) Sergio Cabral Filho (PSDB and a possible coalition with the PPB); (2) Miro Teixeira (PDT + PC do B + PSB); (3) Albano Reis (PMDB); (4) Chico Alencar (PT); (5) Sergio Arouca (PPS); (6) Luis Paulo Conde (PFL); (7) Newton Cruz (PSD) [Democratic Social Party].

Brazil: PSB Aligns With PMDB in Belo Horizonte

96SM0415C Sao Paulo GAZETA MERCANTIL in Portuguese 19 Jun 96 p A9

[Article by Belo Horizonte correspondent Andre Lacerda]

[FBIS Translated Text] The PSB [Brazilian Socialist Party] is managing to breach the isolation to which it was confined after abandoning the leftist party front that, rallying around Virgilio Guimaraes (PT-[Workers Party]), will compete in the October's elections in the Minas capital. On Monday the socialists won the support of the PMDB, which in the next few days will probably name the candidate for vice mayor on the slate headed by Celio de Castro. This decision by the PMDB executive board will be submitted for approval at the party convention, to be held this Saturday.

Today the name most often mentioned to figure in the group led by the PSB is that of City Councilman Geraldo Felix, now that Deputy Maria Elvira, formerly a strong candidate from the PMDB for the post of Belo Horizonte mayor, has dropped out. Other possibilities are Aloisio Vasconcelos and former Senator Ronan Tito.

However, the decision by the PMDB was very close. Of the 13 members of the party's regional executive board, seven favored backing Castro. Four others preferred to see an agreement with Senator Junia Marise, the PDT [Democratic Labor Party] candidate. Some of the dissatisfied are threatening to appeal to the national executive board to overturn the decision to back Celio de Castro. The alliance with the PSB calls for the socialists to back the PMDB candidate in the 1998 race for governor.

With this coalition in the capital city, the PMDB hopes to take yet another step in transforming its profile in Minas, isolating the group led by former Governor Newton Cardoso and moving closer to the center-left. The party has already finalized an alliance with the PT in Uberlandia, where Deputy Zaire Resende heads the slate. It is also seeking an accord with the PT in Juiz

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de Fora—centered around former director of the DNER [National Highway Department] Tarcisio Delgado—and in Montes Claros, with current Mayor Athos Avelino.

Brazil: Study Defines Extent of MST Control

96SM0415D Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Jun 96

[Received via Internet]

[Article by Abnor Gondim, of the Brasilia bureau: "MST Controls 41,00 Families in the Countryside"]

[FBIS Translated Text] Since Minister Raul Jungmann (Land Policy) took office on 30 April, 3,500 more families have joined the invasions controlled by the MST [Landless People's Movement]. This information appears in a MST research study done in May of encampments of landless people.

The survey mentions 138 encampments controlled by the MST, containing 40,511 families. Prior to this survey, the entity was using the figure of 37,000 families.

Immediate resettlement of these families was demanded of President Fernando Henrique Cardoso on 2 May. In exchange, the administration hoped that the entity would not sponsor additional invasions.

The survey says there are 39 camps, housing 4,453 families, that are controlled by other organizations, such as labor unions. Some camps are controlled by unidentified organizations.

The PT [Workers Party], PC do B [Communist Party of Brazil], and the PMDB [Brazilian Democratic Movement Party] are named as responsible for ten camps. According to the study, Roraima is the only state not experiencing invasions of land.

Additional Invasions

Yesterday, Gilberto Portes, the MST representative in Brasilia, announced an increase in occupations of land based on programming worked out since the beginning of the year. "We cannot be accused of being radicals, since the administration's goal is to resettle 60,000 families this year, 20,000 fewer than the number of families already camping out."

He said the MST is still giving priority to resettling the 37,000 families who have been in the camps the longest. As for new invasions, Portes predicts that the families will be attended to according to the government's goal. He denies that invasions are hampering agrarian reform. "Expropriation occurs only in occupied areas," he said.

Jungmann said the MST is forgetting about the other entities and social movements that are working for agrarian reform. "The MST families represent 60 percent of this year's goal, but we will also take care of the rural workers' unions" he said.

Chile

Chile: Congressmen Submit Anti-Money Laundering Bill

PY0107120196 Santiago ESTRATEGIA in Spanish 26 Jun 96 p 3

[FBIS Translated Text] Considering the growing concern over illegal operations in the country, and as a way to create the necessary instruments to prevent the laundering of drug trafficking money, two congressmen have made a new proposal on the matter.

Involved in discussions on the bill that modifies the General Law on Banks, the two congressmen proposed the inclusion in it of a new mechanism to make denunciation compulsory on any financial operation related to money laundering. In addition to this, they also proposed the registration of operations exceeding 700 UF's as a preventive measure. It is appropriate to mention, then, that previously it had been said that operations exceeding $10,000 should be registered, that is, approximately 316 UF's.

These registrations must be reported every 15 days to the Banks Superintendency and Financial Institutions, which must in turn report all suspect operations to the State Defense Council (CDE). This must be done within 48 hours after the detection of operations that presumably involve money laundering.

There is no doubt that this proposal implies a new step toward the configuration of mechanisms intended to protect society from the existing dangers concerning laundering of money of illegal origin. Nevertheless, these laws must be implemented within the context of respecting individual freedoms, and not as an obstacle to private operations. For this reason it is also relevant to specify that both the background information collected by the Superintendency and the transactions carried out by the CDE during the investigations be restricted.

Chile: Central Bank Head Resigns Over Disagreements

PY0107163596 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 29 Jun 96

[FBIS Translated Excerpt] Central Bank President Roberto Zahler submitted his resignation today. It was learned that he resigned over disagreements on the payment of the debt of the Bank of Chile.

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[Begin recording] [Zahler] I will not make any comment.

[Unidentified reporter] Do you want secrecy about the agreement?

[Zahler] I will not make and I do not want to make any comment on this issue. [end recording]

This is how Zahler reacted to the agreement reached between the Central Bank and the Bank of Chile to pay its debt. Confidential sources have stated that Zahler resigned after five years as Central Bank president because of differences with the Central Bank advisers on how the Bank of Chile should pay its debt.

The Central Bank Council released a communique this afternoon regretting Zahler's resignation. Zahler is considered a key man in the reduction of inflation in the last few years, therefore his resignation was regretted by many people. [passage omitted]

Central Bank Vice President Jorge Marshall is now the acting president until 1 July, when Zahler's resignation will be discussed and Zahler will explain the reason for his resignation.

Chile: Coalition Chooses Sub-Pacts for Elections

PY0107182596 Santiago EL MERCURIO in Spanish 26 Jun 96 p C2

[FBIS Translated Excerpt] The Coalition of Parties for Democracy [CPPD] has discarded the proposal submitted by the Socialist Party to the coalition members to run on a single pact and not on a sub-pact in the 27 October municipal elections.

Yesterday, CPPD coordinator Senator Anselmo Sule said the decision by the Christian Democratic Party [PDC] and the Social Democratic Radical Party [PRSD] was conveyed to PS Deputy Camilo Escalona during the CPPD meeting held before noon on 25 June.

The two parties believe the PS proposal is untimely because the deadlines in the Elections Law and the Municipal Elections Law are too close, and because the political-electoral negotiation was made on the basis that the parties will go to the elections on sub-pacts.

The PCCD will go in two sub-pacts: the PDC with the PRSD, and the PS with the PPD [Party for Democracy]. The negotiation of quotas was made on the basis that the CPPD members will go to the elections on sub-pacts. [passage omitted]

Chile: Judge Resigns From Guzman Case Due to Harassment

PY0107204496 Santiago EL MERCURIO in Spanish 28 Jun 96 pp A1, A20

[FBIS Translated Excerpt] In a decision considered unusual in superior courts for the reasons given, Justice Alfredo Pfeiffer resigned from the investigation process of the murder of ex-Senator Jaime Guzman on 27 June.

Pfeiffer said he made the decision due to harassment from government political leaders, threats, suspicious activities in his office, and an unsuccessful attack against him. He added that pressure was exerted "with the sole purpose of favoring the defendants," and that this situation made him react with "hate and resentment" against those involved in the possible obstruction of justice, which could influence his ruling.

In addition to the Guzman case, Pfeiffer was also investigating the kidnapping of Cristian Edwards because the same terrorists were involved in the two cases. It was reported that he resigned from the two cases.

Pfeiffer's decision gives a spectacular twist to this case, which is proceeding in the midst of great tension, since ex-police detective Jorge Barraza charged that as a result of his investigation, the main suspect for Guzman's murder is "Juan Gutierrez Fischman, aka "El Chele," who was married to a daughter of Cuba's Raul Castro. Pfeiffer says that his investigation was being obstructed by high officials with the complicity of high chiefs of the civilian police. [passage omitted]

So far only two members of the FMR [Manuel Rodriguez Front], which is responsible for Guzman's murder, are serving sentences in a high security prison but arrest warrants have been issued for five others. [passage omitted]

The State Defense Council learned on 27 June, through its lawyer Davor Harasic, about Pfeiffer's decision, therefore the proceedings on Jaime Guzman's murder were suspended until the Supreme Court rules on Pfeiffer's decision to step down from the case. [passage omitted]

In view of Pfeiffer's decision, the Independent Democratic Union, UDI, and National Renewal agreed, with minor differences, that the Coalition of Parties for Democracy was exerting an unusual and unacceptable pressure on Pfeiffer.

The UDI deplored the physical and verbal harassment against Pfeiffer and directed its criticisms against the government by accusing it of governing with an "immoral logic" by violating the necessary independence the judicial branch must enjoy. [passage omitted]

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Chile: Official Links Drug Enforcement, Prevention

PY0107222796 Santiago LA TERCERA DE LA HORA in Spanish 26 Jun 96 p 16

[FBIS Translated Text] In his address before the UN Economic and Social Council [ECOSOC] in New York on 25 June, Interior Ministry Under Secretary Belisario Velasco asserted that the counternarcotics policies currently pursued by Chile hinge on the formulation of preventive actions — which is a top priority — through the use of the appropriate means and with the participation of the entire Chilean public.

Participants in these high-level ECOSOC sessions are analyzing international cooperation to counter the production, sale, demand, illegal peddling, and distribution of drugs and related activities.

Moreover, the agenda of the general debate will include the discussion of the medium-term plan (until the year 2001) to confront the issue of drugs on a global level and of the advisability of convening a UN General Assembly to analyze this subject and its implications.

Congratulations

(In a note sent to the Chilean Foreign Ministry on 14 June,) the UN International Narcotics Control Board (INCB) congratulated the Chilean Government for the success scored in the control of the diversion of chemical products which are essential for the illegal processing of drugs in Bolivia.

The same note, sent from the United States, also expresses the INCB's satisfaction with the positive cooperation between Chilean, Bolivian, and U.S. authorities, which through a joint operation, managed to dismantle criminal organizations, which, over the last five years have been supplying significant amounts of these precursors to Bolivian cocaine-producing centers. [passage omitted]

Chile: Central Bank's Tight Money Policy Criticized

PY0107230596 Santiago EL MERCURIO in Spanish 26 Jun 96 p A3

[Editorial: "Restrictive Monetary Policy"]

[FBIS Translated Text] The Central Bank has confirmed that it will maintain a restrictive monetary policy until the increase in public expenditures is adjusted to the GDP and until the GDP's growth gets closer to what is considered a sustainable long-term rate, without inflationary pressures or an uneven balance of payments. The Central Bank, pursuing a conservative policy, feels that the country should grow not more than 6 or 6.5 percent annually, reduce inflation, and keep a current account deficit that will not be higher than 4 percent of the GDP.

The Central Bank is right when it expresses concern over the excess in expenditures, but its position is restrictive if one thinks that the Chilean economy has grown at an average close to 7 percent for 12 years and that over the last few years its growth has been greater, within a climate of lower inflation and a persistent surplus in the balance of payments.

Central Bank Vice President Jorge Marshall has said before the Senate that figures of the first quarter of 1996 are too expansive, maintaining what was observed during the second half of 1995. He admits that the anti-inflationary fight has stagnated over the past few months, and that to continue progressing the gross domestic expenditures must essentially grow less than the GDP for some time, possibly toward the end of the year. Central Bank President Roberto Zahler had made a similar statement before.

From the above we can deduce that interest rates will remain high for the rest of the year, and that restrictions to short-term movements of capital will also be maintained. These restrictions have not had a significant effect, and what has been observed during the year is an important surplus in the account of capitals, which surely includes a component of resources that enter the country to take advantage of the high interests. This entry of foreign currency reduces the type of exchange and helps maintain a lower inflation rate on regulating the price of tradable goods.

The increase in the inflation rate has coincided with an exaggerated expansion of public expenditures. This has grown by almost 10 percent by the end of 1995 and the first quarter of this year, considering the overall fiscal expenditure, but discounting the payment of interests. The Central Bank does not control this expenditure, and as the interest rate rises it restricts private disbursements, imposing the weight of adjustment on the productive sector.

The Central Bank should have been more emphatic concerning the destabilizing behavior of public expenditures, as well as concerning the policy of readjusting public salaries handled by the government and which has always been above the future or expected inflation, and above the increase in productivity. It is true that there can be an exaggerated expenditure, but restrictions of the fiscal budget cannot be ignored. Readjustments of state employees' salaries are a sign for the private sector and to the extent that they are relatively high they become a pressure of costs that limits the possibility of smoothing the increase in prices of non-tradable goods.

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Anti-inflationary policies are always based on an important adjustment of public expenditures. The current Chilean case is almost unique, and ignoring this factor will seriously and uselessly harm the private sector, people or companies, and will reduce the country's competitive capacity, which already seems to be taking place in some exports.

Chile: New Treaty on Armed Conflicts at Sea Proposed

PY0207020996 Santiago EL MERCURIO in Spanish 26 Jun 96 p C5

[Article by Hernan Cisternas from Valparaiso]

[FBIS Translated Text] Navy delegates of 17 countries attending a symposium on international law of the sea — which was inaugurated in this port city on 25 June and will be brought to a close on 27 June — were concerned about the insufficient references the UN Convention on Maritime Law, which dates back to 1982, makes to military uses of oceans.

This subject was mooted by Ship-of-the-line Captain Martin Toohey Ran, director of the Australian Navy Legal Services, who observed that in meeting a request by the UN Security Council to redress the balance in an area under conflict, member states forces may have to contravene rules of conduct established by the 1982 Convention.

The symposium, in which the Australian Navy captain delivered a speech, was opened at the Navy Auditorium on 25 June by Admiral Jorge Martinez Busch, Chilean Navy commander in chief.

Officers of the Navies of Australia, Canada, Chile, Colombia, Ecuador, Indonesia, the Kingdom of Tonga, Peru, Singapore, Thailand, and the United States are taking party in this symposium together with a delegation of the International Red Cross. Representatives of the Argentine, Brazilian, Mexican, Spanish, and Uruguayan Navies are attending this conference as observers.

In his address — which was the first one of the symposium — the Australian Navy captain stated that measures geared to the enforcement of peace in an area may include the passage of submerged submarines through foreign territorial seas, an offensive launched by warships and military aircraft, as well as mining a neutral state's territorial waters.

The Australian officer underscored the insufficient references the United Nations Convention on Admiralty Law makes to military uses of the sea and called upon participants to promote deliberations about the ways these insufficiencies can be overcome.

Rear Admiral Hernan Couyoumdjian, commander of the 1st Naval Zone, also delivered a speech at the opening ceremony, in which he said that it was imperative that Navies should have the foresight to plan how to do deal with conflicts that may crop up in the future.

Rear Adm. Couyumdjian argued that naval might will always be a force to reckon with, but that the behavior of Navy officers and personnel will be influenced by the knowledge and observance of written and unwritten rules of naval warfare.

The commander of the 1st Naval Zone recalled that the end of the Cold War as well as the shift from a political and strategic bipolarity to a unipolar world created the conditions for a globalization of relations between states.

[Santiago EL MERCURIO in Spanish on 29 June adds: "In closing the symposium on international law of the sea held in Valparaiso, the Chilean Navy suggested drafting a new Treatise on Humanitarian International Law (Tratado de Derecho Internacional Humanitario) concerning armed conflicts at sea. Representatives of more than 17 countries and international organizations attended this conference, which opened on 25 June.

"Ship-of-the-line Captain Juan Jose Donoso addressed the meeting on 29 June to expound the Chilean Navy's stance on one of the subjects brought up at the symposium, namely the definition of the legal system to which the countries which are not signatories to the Convention on Admiralty Law will be subject in the event of an armed conflict at sea.

"Donoso spoke in favor of drawing up the San Remo Manual, a document proposed by the International Red Cross in 1994, as he claimed this is the first attempt at filling the legal void as regards armed conflicts. The Chilean Navy officer underlined the need to draft a more complete document on which all nations reach a consensus."]

Chile: Government Favors Keeping Moratorium on Whaling

PY0207024596 Santiago EL MERCURIO in Spanish 26 Jun 96 p C5

[FBIS Translated Excerpt] Chile will uphold the legitimacy and full effectiveness of the Southern Whale Sanctuary and therefore, the continuation of the moratorium on commercial whaling, which is currently challenged by important nations like Japan.

To that effect, Chile will support doing research on this protected area to assess the effects of the moratorium on whaling not only as regards these mammals, but

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also with a view to preserving the ecosystem and scientifically manage the various communities of living organisms and the environment in which they live.

This is the position Chile is maintaining at the 48th meeting of the International Whaling Commission (IWC), which is currently being held in Aberdeen, Scotland. The meeting, which opened on 24 June, will end on 26 June.

The International Whaling Convention was established in 1946 to conserve whale stocks and regulate their use. Over-exploitation led the IWC, the highest executive organ of the International Whaling Commission, to consider the adoption of more drastic measures.

Many species are at present threatened with extinction. Reports by the IWC itself state that in the southern hemisphere, there are only some 500 blue whales of a population which once numbered 250,000.

Given its exceptionally advantageous situation, Chile has always been engaged in activities related to whales and has taken an active part in the International Whaling Convention and in the efforts to check over-exploitation through the protection and conservation of whales and the environment. [passage omitted]

Colombia

Colombia: House President Says Ties With U.S. 'Delicate'

PA0207022396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 1 Jul 96

[From "The Latest News" newscast]

[FBIS Translated Text] Political leaders and the country in general are concerned about the U.S. Government's probable suspension of President Ernesto Samper's visa. House of Representatives President Rodrigo Rivera Salazar comments:

[Begin Rivera recording] Relations with the United States are an extremely delicate subject, so delicate, in fact, that it should not be discussed hastily or carelessly. I want to invite everyone to treat it very calmly and coolly. In addition, we must understand that the management of Colombia's international relations is up to the president of the Republic and his foreign minister, who have assumed a cautious position on the subject. This caution and common sense are the best reaction to certain utterances unsuitable of high-ranking government officials of other countries.

We all should treat relations with the United States carefully, because, after all, the United States is our most important commercial partner and a world power that cannot be ignored. Naturally, within its dignity, patriotism, and respect for its sovereignty, Colombia should do everything possible to improve its relations with the United States. [end recording]

Colombia: Survey Shows 70 Percent Expect U.S. Sanctions

PA0107154496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 1 Jul 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Statements and attitudes assumed by U.S. Government officials such as U.S. Ambassador Myles Frechette in Colombia, as well as high-level State Department and DEA officials, have convinced most Colombians that there will be U.S. economic and commercial sanctions against our country. This was the opinion expressed by 70 percent of 1,800 people interviewed by Caracol over the weekend.

Colombia: Exporters Discuss U.S. Extradition Request

PA3006152896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 28 Jun 96

[Report by Roxana Navarro in Santa Fe de Bogota; from the "24 Hours" newscast; monitored from a live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Exporters believe that an extradition refusal from Colombia to the United States should not affect trade relations between the two countries.

[Begin National Association of Exporters Vice President Javier Diaz recording] There are legal and political elements that would have an effect on this in one way or another. I hope this has no repercussions in the economic sector. [end recording]

Businessmen consider that the U.S. petition has nothing to do with trade issues, so they will abide by any decision adopted by the national government.

[Begin National Federation of Businessmen President Sabas Pretelt recording] Fenalco's [National Federation of Businessmen] position is to abide by the national government's decision on that issue. [end recording]

Colombia: Editorial on 'Dodging' Extradition Issue

PA0207040496 Santa Fe de Bogota EL TIEMPO in Spanish 30 Jun 96

[Unattributed editorial: "Until When Will We Be Afraid?" — received via Internet]

[FBIS Translated Text] We cannot keep dodging the extradition issue. The extradition ghost returns and will

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never go away. A constituent assembly that was intimidated through some of its members banned extradition at the wrong time, thus doing drug traffickers a favor. Since the day the country, scared to death, surrendered itself at Escobar's feet and since the conditions to prohibit the extradition of fellow nationals were given, we shamefully stressed our vocation of sanctuary for drug traffickers.

In light of the evident weaknesses by the administrators of justice and the relative privileges and advantages certain leaders of the drug business and many of their political partners have obtained, the gringos have wanted to send to Samper a signal that will be the strongest one they have sent thus far. They want to extradite the Rodriguez brothers. In other words, the United States believes our judicial system is a farce; our prisons, social clubs; our Congress, a drug trafficking pawn; and the president, a head of state not much committed to the pledges he has made through letters to U.S. congressmen with deceiving firmness.

Mentioning the word extradition alone triggers fear. The bloody years when Escobar had his way by means of bombs and by kidnapping and murdering reporters, judges, government officials, and presidential hopefuls cannot be easily forgotten. This is how we could do away with the only legal instrument drug traffickers have feared. What we have obtained in exchange, however, has been much worse and more harmful for our institutional stability than the dark era of narco-terrorism.

It is true that many innocent lives were lost, but we have become aware of the enemy's cruelty and how far it was willing to go. Once Escobar died in the hands of a sinister alliance between Police agents and members of the Cali cartel, a criminal society as dangerous as or more dangerous than the Medellin cartel, many members of which are about to be released, was exposed. It is an organization that shares the government, negotiates sentences, changes laws in accordance with its wishes, reforms codes, and conducts election transactions to place its pawns where it is more convenient to it. It is the organization that corrupts and, with caustic subtlety, erodes the foundations of a needful society.

How, then, is it that North Americans will not want to receive drug traffickers? There will be some people who will rush themselves, Constitution in hand, to describe this petition as an unacceptable intervention. Many will revive the fears of narco- terrorism to thus minimize the arguments emanating from a weak and discredited justice system. We can no longer dodge this issue, let alone when we have sufficiently proven our inability to deal with the problem. We have to stop fearing extradition, and I favor those who say the crimes that trespass borders must be fought with similar instruments of persecution.

The surveys on the issue are deceiving. The overwhelming majority that opposes the extradition shows more the people's level of fear than personal convictions. The number of people who privately believe this is the only solution is amazing. We are being informed from Narino Palace that the laws will be toughened and that drug trafficking will indeed be severely punished now. We will be told, through televised, little speeches, that the war against the drug mafias will reach unimaginable limits. Will it reach the extreme of reviving extradition, confiscating fortunes and properties from drug traffickers, or considerably increase prison sentences?

This government, let alone this Congress, does not seem it will fight all the way. It is a shame that, having a huge and overwhelming majority in Congress, Samper will not take advantage of it to make drug traffickers fear him.

All this feebleness is what makes the gringos furious and many Colombians depressed. How did Samper come up with the idea that relations with the United States are no longer in the intensive care unit? They are dying and about to enter a vegetative state.

Colombia: Prison Institute Sends Security Report to U.S.

PA2906152396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 28 Jun 96

[Report by anchor Maria Beatriz Echandia and journalist Fernando ramos from the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] [Echandia] The exchange of letters between the Colombian authorities and U.S. Attorney General Janet Reno continues. Inpec [National Prison and Penitentiary Institute] has now sent a detailed report on security measures in the prisons where the Cali cartel kingpins are kept.

For the past six months the United States has been keeping an eye on the prisons' security measures, even visits, and now has all kinds of recommendations. Justice Minister Carlos Medellin used his trip this week to submit Inpec's report.

According to the document, made known to the "National Newscast," 42 video cameras were installed at La Modelo and La Picota Prisons, and they are monitored from the prisons' directorate and the Inpec General Directorate. The cameras are used to control all the capos'

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movements. La Picota Prison now has four long-range reflectors for night surveillance of the cells, and 84 doors were installed at La Modelo Prison, within a new system of restricted access to the high security section.

Inpec's report to Attorney General Reno ends by stating that a digital electronic control system is currently being installed to conduct periodic control of the capos and to prevent the famous exchanges of prisoners, adding that the construction of new cells for conjugal visits will soon begin.

Colombia: Venezuelan Envoy Discusses Border Issues

PA2906161696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 28 Jun 96

[Report by Raul Gutierrez; from the "24 Hours Newscast"]

[FBIS Translated Text] [Anchor] Sebastian Alegrett, newly appointed Venezuelan ambassador to Colombia, today said that a priority in Venezuelan relations with Colombia constitutes the reestablishment of security in the border region, which is currently disturbed by guerrillas, drug trafficking, and common crime.

[Gutierrez] Venezuelan Ambassador Alegrett, a 54-year-old economist, presented his credentials to Colombian President Ernesto Samper today at noon. He spoke later with reporters, pointing out that it is a priority in bilateral relations to solve the numerous problems that afflict the border region.

[Begin Alegrett recording] Unquestionably, this should be solved through cooperation. In this regard, we are willing to work together. Our Armed Forces maintain close communications. [end recording]

[Gutierrez] Regarding the dispute on the delimitation of marine and submarine areas, the ambassador was of the opinion that the Presidential Commission on Border Affairs, which has been functioning over the past five years, will continue working responsibly and without any pressure.

Colombia: Envoy to Venezuela on 'Pejorative' Statements

PA2906151996 Caracas EL NACIONAL in Spanish 27 Jun 96 p D1

[Report by Adriana Cortes]

[FBIS Translated Text] Colombian Ambassador to Venezuela Guillermo Gonzalez Mosquera yesterday voiced his total disagreement with statements by officials of the Caldera administration and certain businessmen regarding the "Colombianization of hired assassinations in Venezuela." He was referring to incidents involving hired assassins that occurred in the past days in Venezuela.

After attending an event organized by the Colombian-Venezuelan Chamber to discuss the economic situation in the two countries, the diplomat noted that the phrase Colombianization of Venezuela is "scornful toward my country."

Gonzalez Mosquera pointed out he does not believe this situation calls for a protest note, but such statements do require a public rejection due to their pejorative nature.

"Hired assassinations are not exclusive to Colombia, because they occur in many parts of the world and have been common throughout history. I cannot allow anyone to associate them with my country only," he noted.

The ambassador said he would like Venezuela and the rest of the world to talk about the "Colombianization of justice" after mentioning a few achievements of his country's struggle against violence and drug trafficking.

"Colombia is not a crime-exporting country, although I must admit we have been victims of it," Gonzalez Mosquera added.

He pointed out the government he represents will propose to Venezuela a bilateral judicial agreement to fight rings that launder drug trafficking money operating jointly in the two countries. He, however, ruled out the existence of binational criminal groups.

Gonzalez Mosquera urged the media to avoid future use of expressions such as those used after the murder of the son in law of Venezuelan journalist Jose Vicente Rangel, because hired assassinations are not exclusive to Colombia and because such statements affect the integration of the two countries.

Colombia: FM Requests World Support To Fight Drugs

PA2906022096 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 26 Jun 96

[From the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television — passages within quotation marks are recorded]

[FBIS Translated Text] At the United Nations, Foreign Minister Rodrigo Pardo has requested world support to fight drugs and has asked the United States not to base its strategies to fight drug trafficking on electoral surveys:

[Pardo] "Where have we failed? What policies have allowed drug abuse to go up, to become diversified, and to worsen?"

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[Reporter Berenice Saavedra] Those were Foreign Minister Pardo's questions during his speech at the Economic and Social Council held at the United Nations at Colombia's initiative:

[Pardo] "There will be no reduction in drugs unless all the countries that have problems with drug trafficking strive against them internally, as we have done in Colombia."

[Saavedra] Pardo has said strategies against drug trafficking should not be based on electoral surveys:

[Pardo] "A true, effective, multilateral strategy must be based on technical not political criteria. It must think of future generations rather than the next elections."

[Saavedra] Several countries of the Narcotics Commission are promoting Colombia's idea of endowing the [words indistinct] with the technical and information means necessary in this struggle. It was also agreed to hold a bilateral meeting with Mexico to join efforts and to exchange information on the drug barons from the two countries:

[Mexican Foreign Minister Miguel Angel Gurria] "I was very pleased to hear that Colombia has endorsed the idea of holding this meeting. Within the context of the Rio Group, the Ibero-American Summit, the Group of Three, as well as at the bilateral level, Colombia and Mexico have an intense cooperation in this matter."

[Saavedra] The Colombian foreign minister is hopeful this commitment is not just one of the 11 that have been approved during this century to confront the scourge of drugs without positive results:

[Pardo] "I hope this meeting will achieve this purpose; that is, to make the countries make a pledge and to strengthen their political resolve so all the words we have come to utter here are seen in the practice."

Colombia: Valdivieso Denies Leaks, Backs Extradition

PA0107210496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 1 Jul 96

["Exclusive" interview with Prosecutor General Alfonso Valdivieso by Caracol reporters Samuel Salazar and Marta Camargo; place and date not given; from the "The Midday Newscast" — live or recorded]

[FBIS Translated Text] [Valdivieso] Good afternoon. The scope of the communication from Samper [not further specified], as established in the first paragraph, is precisely not to generate a controversy. For the Prosecutor General's Office, it is clear that direct or veiled solutions, as was said, cannot be considered or received with pleasure. I believe that even suggesting that the Prosecutor General's Office leaked these reports, stating that no more offenses against the president will be tolerated, is groundless in a communication from the president to the Prosecutor General's Office. Undoubtedly, the institution over which I preside does not promote leaks, because it only conducts investigations within the current legal framework.

[Salazar] Does your office know where this leak, which prompted the president's reaction, originated?

[Valdivieso] Well, we don't know and have not carried out an investigation. The fact of the matter is that the voice of Senator Maria Izquierdo was recorded on a newscast Thursday evening, when the letter of President Samper himself appeared.

In any case, the Prosecutor General's Office did not leak that information. It cannot be said, indirectly, that it is responsible for this. This is a very serious thing, because we understand, and we have always acted on the basis that this is confidential material.

[Camargo] Dr. Valdivieso, is it all right for the president of the Republic to make these charges, when it was seen, on a television newscast, that this information came from Maria Izquierdo directly?

[Valdivieso] I repeat, I don't want to begin a controversy. But with regards to the Prosecutor General's Office, I continue to believe that the institution I direct cannot act on the basis of pressure and suggestions which may, one way or another, come from the president, in a communication such as this one.

[Salazar] Mr. Prosecutor General, it seems that currently the issue of extradition is the hottest issue in the country, following the U.S. Government request for the extradition of the Rodriguez Orejuela brothers and two other Cali Cartel bosses. What is the position of the Prosecutor General's Office in the face of this issue?

[Valdivieso] Well, there are different aspects regarding that request from the U.S. Department of Justice. First, the Prosecutor General's Office has maintained a very clear position on this issue for some time now. We have considered that extradition is a useful, convenient, and necessary instrument to face criminal organizations, especially when they act internationally.

Second, with regard to the constitutional ban on extradition, we have said that decision from the Constituent Assembly was unfortunate. The extradition of Colombians should not have been banned, much less at the constitutional level.

Third, we have also stated that under the present circumstances, it is unquestionable that the constitutional ban

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on extradition prohibits the extradition of Colombians in practice. We have stated this on several occasions. Now, the issue of the request made by the U.S. Government, through Attorney General Janet Reno, must move the Colombian Government to establish its stand on this issue, regarding the scope of extradition, in the middle of a proposal made by the Colombian Government itself.

The government has said this is an issue that must not be handled by one single country. The government has said this is an issue with multinational and multilateral scope.

It seems, then, that saying this issue cannot be discussed because it is not part of the agenda or because it is forbidden by the Constitution, is definitely entering into a contradiction with the aforementioned position. I believe the government must deal with this issue, in a direct manner, and must view the different alternatives.

The government must propose to the U.S. Government the position it has. This is an issue of the two nations, under the purview of the head of government.

[Camargo] Meanwhile, however, Mr. Prosecutor General, the truth is that after Colombia's refusal, people are beginning to fear a possible U.S. intervention or entry into Colombian territory in an attempt to seize the individuals whose extradition was requested and even those who might surrender or be arrested during the next few weeks. Do you think that the United States might intervene or enter here to search for Colombian drug traffickers?

[Valdivieso] In my opinion, this theory is so absurd that I do believe that it is viable. I believe that this is merely fiction. Unquestionably, such an action would constitute an attack. I believe that Colombia would not tolerate it, nor would the United States take this action. This is at least my understanding. I believe that actions of force are not viable for bilateral relations, particularly if we take into consideration the circumstances prevailing in Colombia. I believe that we should not reach this point. Therefore, I believe that making such a statement would likely create an uncertain situation that, frankly, should not take place right now in Colombia, particularly, of course, during the process that both Colombia and the United States should follow in order to reestablish normal relations.

Colombia: Samper, Lawyer Send Letters to Valdivieso

PA2906125396 Santa Fe de Bogota EL TIEMPO in Spanish 28 Jun 96

[Received via Internet]

[FBIS Translated Text] After denying Maria Izquierdo's assertions, the president warned that benefits cannot be granted to "perjurers," criticized judgments made with headlines, and questioned information leaks.

President Ernesto Samper yesterday sent perhaps the strongest letter he has sent to Prosecutor General Alfonso Valdivieso since June 1995. At that time, Santiago Medina, former treasurer of the Liberal Party's campaign, made his statements on the infiltration of drug-trafficking money into the political process, which led to cold and merely formal relations between the Prosecutor General's Office and Narino Palace.

He specifically referred to statements Senator Izquierdo made affirming that, on July 1993, he had met with the Rodriguez Orejuela brothers' envoys at the Irotama Hotel in Santa Marta. Samper warned that believing assertions such as these "would make clear that benefits are being granted to perjurers."

Samper also said: "I want to clearly tell you that I would not let anyone keep playing with my honor and that of any good Colombian through the system of making public, without any verification or analysis whatsoever, the fabrications of accused people who, in an effort to obtain procedural benefits, decide to become alleged informants or witnesses in cases involving confidential proceedings."

The president also pointed out that "it is very dangerous to keep judging people by what appears in headlines" and stressed that the confidentiality of proceedings is a constitutional obligation for judges.

Prosecutor General Valdivieso last night told EL TIEMPO that he will comment on the letter when he officially knows the content of it.

President Samper's statements were made after several media reported the assertions former Senator Izquierdo made. She maintained that Samper and his Government Minister Horacio Serpa met with Eduardo Mestre, Alberto Giraldo, and Miguel Rodriguez's wife at the Irotama Hotel when the current president left his post at the Colombian Embassy in Spain.

The letter of the president, who emphatically denied Izquierdo's accusation, was written a few hours before Attorney Luis Guillermo Nieto Roa, Samper's legal counsel during the trial the Chamber of Representatives

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conducted, made public a letter he sent to Valdivieso asking him if the Prosecutor General's Office had conducted an investigation into Medina for committing perjury, procedural fraud, laundering of assets [lavado de activos], or any other punishable crime.

Nieto affirmed that the Prosecutor General's Office cannot allude to the confidentiality of proceedings in order not to report on the state of investigations and added that he will become a party in a civil lawsuit and will support various people as part of a likely trial against Medina.

Following are the text of the letters by Samper and Nieto:

Letter from the president

Mr. Prosecutor General;

Last night I was surprised when I learned, in certain television newscasts, of the content of a new leak from a file in the hands of the Prosecutor General's Office, in which, according to alleged statements by Ms. Maria Izquierdo, I am mentioned as having attended a meeting I never went to in Santa Marta on 29 July 1993.

I hope that the "credit" the Prosecutor General's Office attributes to this "accusation" is not the same attributed to the other statements Izquiero has made, because it would then be clear that perjurers are being aided to the detriment of the honor of innocent people.

When the Chamber of Representatives' case ended, I pointed out that, starting from then on, I would defend my right to a private life and the good name of my family.

I want to clearly tell you that I would let no one keep playing with my honor or that of any other good Colombian through the system of making public, without any verification or analysis whatsoever, the fabrications of accused people who, in an effort to obtain procedural benefits, decide to be alleged informants or witnesses in cases involving confidential proceedings.

I am certain that you share with me this concern about the need to prevent the constitutional protection of confidential proceedings, as part of due process, from being violated.

It is very dangerous, Mr. Prosecutor General, to keep judging people from what appears in headlines. Colombia's judges must preserve their right to exercise their sacred duty of administering justice without pressure, compliments, or threats.

You have the authority and constitutional duty of guaranteeing that this be the case. This is what I, as a citizen and as president, ask of you.

Sincerely,

ERNESTO SAMPER PIZANO.

Letter from Nieto

Mr. Prosecutor General;

With the excuse of the confidentiality of proceedings, you refused to inform me if the Prosecutor General's Office is conducting an investigation into SANTIAGO MEDINA SERNA for committing perjury, false accusations, illegal enrichment for his own benefit, misrepresentation, procedural fraud, laundering of assets, or any other punishable crime, and if this is the case, you refused to inform me what institutions are conducting these investigations.

I do not think this excuse is valid, because I have not requested reports on the content of the proceedings; I did request, however, to be informed if the investigations have been conducted or not, as stated in the Right of Petition I invoked. I did this for the sake of making the proceedings shorter, because, since I am planning to become a party in a civil lawsuit that could have been filed or that could be filed in the future on behalf of some of the people who were adversely affected, I believe it is advisable for me to know if an investigation or investigations are already being conducted.

I believe that this information — whether the investigations are being conducted or not and by what institutions — is not part of the confidentiality of proceedings. On the contrary, it is a public matter. In addition, this case does not have individual interests only; the nation is also interested in knowing the Prosecutor General's Office's actions, because the fatherland's health has been seriously injured by certain alleged illicit actions that were seemingly carried out during the latest electoral campaign. MEDINA could be the mastermind or perpetrator of these actions.

I refuse to think, Mr. Prosecutor General, that your office has decided not to conduct investigations into Medina for committing the aforementioned crimes as part of the arrangements that you and he seem to have made.

Once more, for the aforementioned reasons, I invoke the RIGHT OF PETITION to be informed if investigations are being conducted into MEDINA for committing the crimes of perjury, false accusations, illegal enrichment for his own benefit, misrepresentation, procedural fraud, laundering of assets, or any other punishable crime. If this is the case, I want to know what institutions are currently conducting these investigations.

Sincerely,

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LUIS GUILLERMO NIETO ROA.

Colombia: Conservative Party Head on Opposition Policies

PA2906153796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 27 Jun 96

[Interview with Conservative Party President Jaime Arias Ramirez by news director Dario Arizmendi and reporter Judith Sarmiento; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Yesterday we said on Caracol Radio that Jaime Arias of the opposition Conservative Party really got something for nothing from the National Electoral Council [CNE] when he asked the CNE to recognize the Conservative Party as an opposition party with the right to equal time to respond to the president of the Republic. Dr. Jaime Arias, good morning.

[Arias] Good morning, Dario.

[Arizmendi] Have you received an answer from the National Television Commission fixing the date and hour of your response to the president?

[Arias] No, not yet. We are waiting for their reply, Dario. At any rate, the reply to the president has to occur at the same hour on two channels, but the day is determined by the TV Commission.

[Arizmendi] Why on both channels, and why at the same hour that the president spoke?

[Arias] Because the law established that one is entitled to the same conditions attained by the president of the Republic. What the law does not specify is the date. In addition, the CNE determined the subjects to be discussed. I cannot deviate from those subjects. That is, it is a specific, precise answer to the president of the Republic's speech.

[Arizmendi] Are they also going to limit the length of your intervention?

[Arias] No, the CNE has decided to grant me 45 minutes, the same length of time given the president of the Republic. However, we are not going to do that for two reasons: first, because of consideration for the viewer. I don't think we can abuse the national audience with this kind of program. Second, because what we have to say can be said in much less time.

[Arizmendi] In approximately 15 minutes, or thereabouts?

[Arias] Yes, in 15 or 20 minutes. Right now a number of working groups are preparing the answer, and we are consulting with other opposition sectors, other than the Conservative Party, to take advantage of the opportunity to give the people a different position from the government's position.

[Arizmendi] Dr. Arias, will you be in charge of that exposition, will you be the spokesman for the Conservative Party and opposition forces, or will it be a collective answer?

[Arias] In principle, Dario, I would prefer that it were another spokesman, because the opposition is not personal, but institutional. However, it seems that the idea of the CNE Council is that it should be the president of the party. I think that is not important, because I believe it is not a personal reply to the president, but a reply which the opposition, as a political institution makes to the government, so that it does not matter who the spokesman is.

[Arizmendi] Dr. Arias, what is the central theme of the response?

[Arias] I believe, Dario, there are three points, which are what we presented to the CNE for them to consider our response. First, President Samper's perception on the way the process in the Chamber of Representatives was led. Second, the country's situation, especially in the economic field, where we believe that the president's perception does not agree with reality. Third, the president's position on what should follow, which is what he calls the reconciliation of Colombians. The rest of the (?president's) speech (?were) some proposals to do with drug trafficking. That does not require any sort of response.

I would also like to say that the other cause for response is when the president attacks opposition parties or the opposition. In the case of President Samper's speech, there were no attacks or words against the opposition.

[Sarmiento] Dr. Arias, let us change the topic a bit. Is the Conservative Party against extradition?

[Arias] The Conservative Party set down its points of view in the Constitution, in the constituent assembly [constituyente]. We believe that right now the only person who should respond to the United States is the president of the Republic. If we allow the political parties and public opinion groups to decide whether they like the opposition to the extradition, all we accomplish is having the government sidestep a reply that they should give.

I believe it is very complicated, because the United States has pushed the Colombian Government up against the wall. If the government says that it favors extraditions, then it will have the drug traffickers on

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the government's back [se les va a venir encima el narcotrfico] with many other sectors of opinion.

If the government says that it is against extraditions, then the United States will find a pretext to continue saying that Colombia is not struggling against extradition (?drug traficking).

Therefore, what took place yesterday, from the juridical point of view, is very important, but much more from the point of view of international politics. It has placed President Samper's government up against the wall.

Colombia: FARC Attacks Private Helicopter; Copilot Killed

PA2906191296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1715 GMT 29 Jun 96

[From "The Latest News" newscast]

[FBIS Translated Text] Villavicencio — The 56th Front of the FARC [Revolutionary Armed Forces of Colombia], which operates in Casanare Department, has been blamed for attacking a Helivalle Company helicopter, which was doing private work near Yopal.

General Jaime Cortez Parada, commander of the Army's 16th Brigade, told RCN that this helicopter, which was owned by a private company, was doing work related to the oil infrastructure in this area when the guerrillas attacked it.

Subversive FARC members attacked this helicopter from the ground, killing its copilot, General Cortez stated. He said finally that the authorities continue making efforts to control public order in this area.

Colombia: Police Destroy Drug Labs in Caqueta, Meta

PA2906190996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 27 Jun 96

[From the "National Newscast"]

[FBIS Translated Text] The Counternarcotics Police have destroyed 38 cocaine processing laboratories in the eastern plains and in Caqueta. During the operations, which started Sunday, 65 tonnes of raw materials and 40 tonnes of cocaine leaves were destroyed and 42 persons were detained. Because of the location of the laboratories, the authorities believe they belonged to the guerrillas.

Yesterday, 25 laboratories were dismantled in (Solita) Municipality, Caqueta, and in Puerto Toledo, Meta.

Ecuador

Ecuador: MOMEP To Meet 17-19 Jul To Discuss Charges

PY0207032096 Madrid EFE in Spanish 0157 GMT 1 Jul 96

[FBIS Translated Excerpt] Quito, 1 Jul (EFE) — Acting Ecuadoran Foreign Minister Marcelo Fernandez de Cordova today said that the Ecuador-Peru Military Observers Mission (MOMEP) will meet from 17 to 19 July in Brasilia to discuss Ecuadoran charges that Peru is violating the bilateral peace agreements.

Fernandez de Cordova said that during the meeting, representatives from Ecuador, Peru, Argentina, Brazil, Chile and the United States — all MOMEP members — will discuss charges raised in Quito on the presence of Peruvian military in landmarks 13, 14 and 15 of the demilitarized zone.

The acting foreign minister said that this meeting will be held in compliance of the Itamaraty peace agreement which ended the war Ecuadorans and Peruvians waged between 26 January and 28 February 1995 over territorial disputes. [passage omitted]

Ecuador: Moncayo Reacts to Peruvian Arms Buildup

96P20450A Quito HOY in Spanish 28 Jun 96

[Received via Internet]

[FBIS Translated Text] "We are prepared to defend ourselves, but we do not want an armed confrontation," Army General Commander Paco Moncayo warned yesterday, commenting on the arms race being carried out by the Peruvian Armed Forces.

He admitted that even if Ecuador does not have the economic resources to purchase as much war material as Peru does, the top official stressed that quality, as well as quantity, should be taken into consideration in the military plane. Thus, the country has been preparing itself and reinforcing its defense capabilities with the objective of "discouraging any warlike adventure" on the part of Peru.

"The country has the duty, the right to defend itself against aggression; any aggressor must think twice before attacking," Moncayo said yesterday, referring to the latest Peruvian arms purchases, which include 53 combat planes, thousands of rifles, several tons of munitions and grenades, and 150 tanks.

In yesterday's radio "Vision" morning news report, the commander of the Army reiterated several times that the Armed Forces do not desire a armed confrontation,

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although he stressed that they are very well prepared to defend national territory. He further appealed to the Peruvian Armed Forces' "good sense" and to the international community to direct efforts to avoid an armed confrontation.

Under those two premises, Moncayo urged the the four guarantor nations of the Rio de Janeiro protocol to enforce total compliance with the Itamaraty Accord which, among other things, calls for total demobilization of the Upper Cenepa, where the 1995 January and February confrontations took place.

Concerning the announced withdrawal from MOMEP of the U.S. logistical team, the officer agreed with Minister of Defense Alfonso Alarcon's proposal to create a multinational group with the participation of the guarantor countries. He also proposed other alternatives, such as that Brazil assume the logistical part or that Peru and Ecuador rent the team from other nations.

Paraguay

Paraguay: CBI Finds Wasmosy, Oviedo Violated Constitution

PY2906035496 Asuncion NOTICIAS in Spanish 26 Jun 96 p 4

[FBIS Translated Text] The Congressional Investigating Committee (CBI) has released a report on its investigation into the military crisis last April. The CBI concluded that President Juan Carlos Wasmosy and General Lino Cesar Oviedo, retired, were both responsible for the crisis. After more than five hours of discussion the CBI approved a report that will be submitted to Judge Alcides Corbeta. The report states that the president and the former Army commander violated the Constitution in several areas.

In the case of the retired military man, the report says Oviedo violated the Constitution when he refused to obey an order issued by the president of the Republic to replace him, and by trying to incite troops to rebel in an attempted coup which would have broken the institutional order. He thus committed crimes of insubordination and sedition.

The CBI says the president violated the Constitution in acts and omissions as Armed Forces commander in chief and head of the executive branch. The document says the investigation will continue to clarify the participation of civilians and other military men in the frustrated revolt, and to determine if there was an attempt to kidnap Vice President Angel Roberto Seifart.

The CBI dismissed the term assassination because the reports are not clear enough to determine if there was an attempt to assassinate the vice president.

Substantial Changes

During the long debate, legislators introduced substantial changes in the preface of the draft resolution that was produced by the subcommittee that investigated the case, clearly emphasizing President Juan Carlos Wasmosy's lukewarm attitude.

The preface of the report states that the head of state, in his communique on 22 April, stressed that Oviedo refused to obey his order. Why, then, did he not order his immediate disciplinary arrest, the report ponders. The report also questions the offer to name Oviedo defense minister as a peaceful way out and the inexplicable embrace between the president and Oviedo during the ceremony to transfer the Army command.

Paraguay: Oviedo Testifies in Court, Adds 'New Details'

PY2906000896 Asuncion ABC COLOR in Spanish 28 Jun 96 p 7

[FBIS Translated Text] General Lino Cesar Oviedo's testimony before Judge Alcides Corbeta yesterday started at 1400 and continued until 0100 today. Oviedo asked to testify alone and he did so. He provided some new details, but not many, to the story that is already known.

Oviedo said that during his meeting with President Juan Carlos Wasmosy at Government House on the morning of 22 April, Wasmosy "talked about a Fujimorazo [self-inflicted coup in Peruvian President Alberto Fujimori's style] because it was the only way to govern the country and avoid the constant obstacles placed in his way by Congress, adding that this was the only way to implement his government programs. Once we make the people happy we might even implement constitutional amendments," Wasmosy allegedly proposed.

"In this way we will also save ourselves from the Colorado Party internal elections and we will prevent Luis Maria Argana from winning and becoming president of the Colorado Party executive board because he will not pardon us," Wasmosy reportedly said.

Contrary to the testimony of General Andres Rodriguez, Oviedo said that Rodriguez reportedly went to negotiate with him a friendly solution to the problem but forgot to mention that he entered the house of General Luis Julian Riego and allegedly gave him a briefcase.

Oviedo categorically denied that he wanted to speed up the conversation with the group comprised of Domingo Laino, Rodrigo Campos Cervera, Luis Guanes Gondra, and Juan Carlos Ramirez Montalbetti because he was "45 minutes behind in his schedule," as the group of negotiators said.

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"We urged them to hurry because we had to rest to get ready for the 23 April celebrations [Cavalry Day]," Oviedo said.

Oviedo was forced to show the judge the recording that allegedly reveals — the recording is not very good — the reasons why President Wasmosy replaced him. The tape is of a meeting that the president had with high-ranking military officers on 25 April in which he allegedly said that Congress cost him a lot and made clear that he paid for General Cirilo Velazquez' promotion.

Oviedo said the decree appointing him defense minister existed. It had number 13099 and was dated 24 April 1996, adding that he and his wife saw the document when they met with Wasmosy at Government House.

At one point Oviedo mentioned a meeting early in the year, after a tennis match at the presidential residence, at which he and his wife, the president and his wife, and Milciades Rafael Casabianca were present. On that occasion, Casabianca reportedly told Wasmosy that "everything was ready for a Wasmozazo [Wasmosy's self-inflicted coup]. We are sick and tired of this Congress that accepts bribes and does not let you govern," Casabianca allegedly said. The president then reportedly answered: "Look here, Rafael, we will wake up with the surprise any day."

Self-Confinement to Barracks

Oviedo presented a folder with 66 notary acts with the signature of Cavalry officers denying that they had received orders to confine themself to the barracks. The press did not have access to the names of the officers or the public notaries before whom the documents were signed.

According to Defense Attorney Julio Cesar Vasconcellos, most of these officers have been arrested in different military units as a reprisal for supporting Oviedo.

[Asuncion ULTIMA HORA in Spanish on 28 June publishes, on page 4, an article noting that Armed Forces official spokesman Eugenio Morel emphatically denied that any of the 66 officers and noncommissioned officers mentioned by Oviedo had been arrested. The official says the report "is absolutely false and ridiculous."]

Very Few Were Present

Oviedo's testimony at the Palace of Justice was followed by very few people. The demonstrations and rallies announced by some members of the National Unity of Ethical Colorados (Unace), a Colorado Party faction headed by Oviedo, did not materialize either. Only the lawyers of the retired general and some friends and assistants stayed at the court building, surrounding Raquel Marin, the wife of the former Army commander.

The criminal judge now has 48 hours to decide whether he turns Oviedo's preventive detention into preventive arrest or lets him go free.

Paraguay: Wasmosy Delivers State of Nation Address

PY0207020096 Asuncion RPC Television Network in Spanish 1322 GMT 1 Jul 96

[State-of-the-nation address by President Juan Carlos Wasmosy before a joint session of Congress at the Central Bank in Asuncion — live]

[FBIS Translated Excerpt] Honorable Congress, I come before you, honorable legislators, to fulfill a constitutional mandate and present the report of the administration's performance during the period between 1 July 1995 and 30 June 1996.

The details of this performance are included in the printed report that was handed down to all members of this honorable Congress. Because of the brevity required by the circumstances, however, here I will only refer to those items that I consider most important: national defense, public safety, and the justice system.

The Armed Forces continues with its institutionalization project, emphasizing organization, military justice, training, doctrine, morale, and discipline in order to adapt its structure and operations to the need to consolidate our democratic institutions.

I must stress the Armed Forces' efforts, through their appropriate organs, to complement and reinforce government programs developed by state and civilian associations in the field of social actions. These efforts seek to provide an efficient support to the community by participating in the construction of roads and electricity installations; by carrying out river, ground, and aerial evacuations; by handing out medicines and food to distant settlements; and by providing services of radio-message and assistance to the education of children, youngsters, and adults.

The Armed Forces also cooperated with other state institutions such as ministries, the National Antinarcotics Secretariat, and the National Emergency Committee.

We must make a special mention of the role of the National Antinarcotics Secretariat, Senad. That secretariat has approached different groups of our population to inform, train, and educate people on the problem of drugs in Paraguay.

The integration of the first national prevention network was a very significant achievement. This network was

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integrated by 69 prevention agents coming from all departments in the Republic who gathered to receive training by Senad. There were courses and lectures to this effect in 27 settlements in the country. These meetings were attended by more than 11,000 people, including students from all levels, parents, community leaders, local and departmental authorities, church members, and Armed Forces and police representatives. [passage omitted]

Operations to repress drug trafficking and related crimes resulted in the seizure of more than 130,000 kg of different types of drugs, from cocaine to pressed marijuana, the destruction of 1,035 hectares of marijuana plantations, and the arrest of 212 individuals who were charged with involvement in drug-related crimes. It is especially worth noting that the executive branch has finished the study and preparation of the draft bill defining and repressing the crime of the laundering of money derived from the illegal trade in drugs, narcotics, or dangerous drugs. The administration will send the bill to Congress next week. It is an essential instrument that will help us improve our struggle against drug trafficking and prevent other acts of corruption. [passage omitted]

The GDP grew 4.2 percent in 1995. In keeping with the latest report available to us, however, the GDP actually grew 4.7 percent in 1995, which represents the highest growth rate since 1990.

The population grew by 3 percent. As a result, the net product per capita grew, based on the good performance of the primary sector, which contributed 26.4 percent of the total product. The role played by this sector basically reflects the soybean harvests and the favorable international price for Paraguayan cotton.

The other primary sector components, however, performed modestly: stock raising, lumbering, and hunting and fishing grew 3.1, 3.4, and 2.5 percent, respectively.

The secondary sector grew 2.9 percent, which contributed to 21 percent of the GDP. Construction was the most significant component. The construction growth rate totalled 4 percent. The industrial growth rate totalled 2.5 percent. It was affected by the financial troubles that various companies had to confront.

The tertiary sector, which represents about 53 percent of economic activities, was affected by the basic utility services that grew 9.5 percent. The national electric energy network grew 16 percent and the fresh water and sewage system grew 10 percent. Transportation and communications grew 3.5 percent.

In 1995, the inflation rate totalled 10.5 percent, about 8 percentage points below that of 1994. The cumulative inflation rate for May is similar to that of May 1995, despite the adjustments made for utility rates, oil byproducts, and minimum wages. This inflation rate has been achieved through careful macroeconomic policies, especially the monetary and fiscal policies, the stable exchange rates, and the accumulation of public sector deposits in the Central Bank. I want to inform you that a 0.3-percent inflation rate has been reported for June.

The financial crisis represented a serious problem for our national economy. Since May 1995, the Central Bank has been forced to intervene in various financial institutions that were experiencing a serious liquidity problem. To prevent this serious liquidity problem from spreading to the entire system, the Central Bank supplied financial resources to the institutions that were intervened in so as to support their operations, thus preventing the massive withdrawal of deposits.

By 31 December 1995 the loans supplied to the four banks intervened in totalled 607 billion guaranies. As an additional mechanism, the Central Bank implemented a banking security network so as to supply financial resources to those financial institutions with temporary liquidity problems, but without signs of insolvency.

Within the framework of this portfolio rediscount system for banks and financial institutions, the credit instruments of these banks and financial institutions could be discounted here, at the Central Bank, for up to 80 percent of their face value for a maximum 90-day period and could be extended only once, with interest rates equivalent to the average monetary control bill yields for the preceding month for a 180-day period, plus an additional point.

These measures supported the public's confidence in the financial institutions, as they involved a direct and unswerving support by the Central Bank.

Within the framework of the financial system stabilization process, 780 billion guaranies had been supplied by May, including financial assistance to the banks intervened in and loans approved under the banking security network.

Despite the significance and proportions of the aforementioned problems, the crisis did not cause a reduction of private-sector deposits in guaranies or dollars. Quite the contrary, these deposits grew 20 percent during the second half of 1995. In May, savings deposits grew 40 percent as compared with those of the same period last year. Dollar exchange rates did not change significantly either.

With regard to the 1995 interest rates, lending rates averaged 34 percent and deposit rates averaged 15.54 percent, which were slightly below those prevailing the

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preceding year. In 1996, these interest rates fell, but are still relatively high. Hopefully, they will fall gradually after the financial system is put on a sound footing.

The 1995 balance of payments closed with a $50 million surplus, increasing international reserves to $1,106,500,000, which represents a 6-percent increase as compared with those of December 1994. In May, our international reserves totalled $1,099,600,000.

Our foreign public debt remains moderate: In December 1995, it totalled $1,328,000,000. In May, our foreign public debt fell 4 percent, totalling $1.29 billion.

Concerning public finances, a surplus was reported in May for the financial position of the central administration. I want to point out, however, that this surplus is not as significant as that achieved for the same period of the preceding year.

Revenues, both current revenues and capital revenues, fell. Tax receipts, the current revenues' main component, fell 4 percent in one year. This fall has been prompted by a reduction in domestic activities and by the changes in the macroeconomic conditions of the neighboring countries, especially Brazil, which is our main trade partner.

Non-tax receipts [ingresos no tributarios] have partially offset this situation. Royalties and compensation receipts fell 20 percent. In addition to the reduction in revenues, the central administration expenditures grew 20.6 percent in May 1996 as compared with those of May 1995.

Running expenditures grew 26 percent, basically over personal service payments. Even though property investments grew 12 percent, capital expenses fell 2 percent. [passage omitted]

As for social issues, in keeping with the commitment I undertook before this honorable National Congress last year, I am pleased to say that we are implementing the recommendations and action plan resulting from the Social Development World Summit. Convinced that democracy and the modernization of the economy are subject to considerable risks and difficulties, among which are the social problems, we have promoted the drafting of a strategic social development plan which is subject to an enriching participative planning process with the full cooperation of the UN Development Program, which is now ready for approval.

The social development strategy we promote and share with broad sectors of the Paraguayan society implies broadening the peoples' economic possibilities, especially those living in poverty in our rural and urban areas, supplying social services that will increase the people's productive capacity and satisfying the entire basic health, nutrition, education, and housing needs, and generating more possibilities for the organization and participation of the citizenry in the social development efforts. As I have repeatedly stated throughout my mandate, we must attain a sustainable economic growth that will provide the necessary framework to generate productive opportunities and finance the social strategy. It is necessary to find an integral and structural solution to the problem of rural and peasant poverty and to build on the bases of a modern social policy in order to make possible the full social integration of our country.

With respect to our relations with the world, our foreign policy has stressed Paraguay's insertion in the international community. Results have been highly satisfactory. We have strengthened our presence in Mercosur [Common Market of the South] within the framework of a strategy to overcome our landlocked situation. We are promoting with energy the projects of the Paraguay-Parana and Parana-Tiete Waterways and the bi-oceanic highway, which departing from the Brazilian ports of Santos and Paranagua will connect us with Chile through Paraguayan territory.

The Pozo Hondo-Infante Rivarola and Mariscal Estigarribia-General Garay stretches of the trans-Chaco highway will be paved soon with Fonplata [River Plate Basin Development Fund] financing. I want to note that the Inter-American Development Bank will give us the credit and the Chilean Government, which is paving a stretch of road in its own territory, will make the local contribution.

The basic coincidences on how we value democratic institutions, freedom of trade, and the opening of the economy to successfully face the globalization process facilitated the strengthening of our relations with all countries in the Americas and the rest of the world. We have maintained close relations with all international multilateral cooperation organizations and with governments and multilateral organizations on all continents. Our country has started to harvest the benefits of its association with Mercosur, which currently absorbs 60 percent of our exports.

Besides, the Mercosur-EU connection opens new possibilities for national productive activities and unheard-of prospects for social, cultural, artistic, and political exchange. In sum, we are achieving the dream of definitively defeating the restrictions that the landlocked situation has historically imposed on our potentials for development. I want to inform, to this effect, that intra-Mercosur trade increased from $4 billion to $16 billion and our extra-zone trade from $60 billion to $120 bil-

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lion in the period since the Asuncion Treaty creating Mercosur was signed. [passage omitted]

We have recently erected a renewed fortress to sustain our democratic institutions. I believe we are all convinced that April sounded the bells of May well in advance to salute a new dawn in the building of our young democracy. It was in April when the entire citizenry, our entire people gathered around its most motivating ideals to raise the flag of our institutional system.

I should not and I do not wish to hide from the honorable Congress my great satisfaction at having contributed — from my position as president — to the happy conclusion of a crisis that threatened to fracture the process of institutionalization that began in February 1989.

With a solution reached for the military crisis we broke a long tradition of unequal interactions between civilian and military institutions and we inaugurated a new era of relationships without shedding a single drop of blood as the heroic price of victory, the dimensions of which we are perhaps still unable to appreciate.

The progress made regarding the institutionalization of the Armed Forces and their subjection to the civilian power place the government and the people in the midst of a scenario without precedent where threats and the temptation of an institutional retreat have lost the popularity they enjoyed in the past and have been replaced by hundreds of chances and challenges the citizenry will use for development.

The lesson learned in April has also shown us the international solidarity we enjoy. It was a categorical and unequivocal sign of the new role that integration now plays in this globalized and dynamic world that considers democracy the inalienable and unique way of regulating our juridical-political relationship and the insertion of our economies in markets that shape and compromise our future.

We are not nor ever again will we be alone in the task of building our democracy and our economic future. I am profoundly grateful for the firm attitude of respect for the institutional order observed by the legislative and judicial branches clearly showing that the choice for democracy represents a path with no return in our history. My gratitude also goes for the noble spirit of our people and to their most vital, vigorous, and sensitive element, that is, its youth that as of now is engaged in the realization of their inalienable democratic spirit.

Honorable National Congress, allow me also to refer to the positive contribution I made to strengthening the democracy of my party, the National Republican Association [ANR, Colorado Party]. The Colorado Party's internal elections were a great example of mature community spirit and of openness. They also marked the beginning of a new positive and promising phase in the relationship between the government and the political party that brought it to power. I am also pleased to mention the exemplary internal elections of the opposition parties which clearly shows that Paraguay already lives another time, the time of democracy, the time unity despite our disagreement, of respect for the citizens who, together with us, on a daily basis are building this new, free, and vigorous fatherland. Within this context I wish to point out the crucial role that the strategy of agreements and dialogue with all political and social forces of the country has and will continue to play.

It becomes increasingly obvious that democracy, in its modern conception, is essentially defined as an effort to unify and harmonize all that is diverse. Our country will continue striving to strengthen the substantial values of this new democracy.

The achievements made in our democratization process undoubtedly represent the most important achievement of this presidential term. We have no right to spoil such a significant achievement. We should resort to dialogue and agreements to definitively clear the doubts we have regarding the fulfillment of the electoral schedule, as in the future priorities must be based on a strengthened institutional order because we still have a lot of barriers to eliminate.

We promised the people a state reform parallel to the other government strategic programs such as the opening the our economy, giving our economy the chance of joining the globalization process, its adjustment in search for social equity and defined employment and productivity goals.

Gentlemen, we have not been able to make significant progress in this field and to honestly admit this fact should not undermine our intention to again tackle, with the support of a new institutional reality, our initial promise.

In this regard I wish to point out the absolute need to strengthen cooperation between the state branches in order to go from intentions to deeds and to really be able to execute our programs. I am certain that the proposals that have been submitted to Congress and the executive branch's new initiatives will be welcomed by the legislators' cooperative and patriotic attitude necessary to implement a new and fruitful rhythm to the generation of the necessary laws for our employment, productivity, efficiency, and social equity goals.

I am certain that, during the new phase of the administration we are starting, this functional interaction be-

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tween the state branches will strengthen the chances of success of the government programs designed for the development and diversification of our economy, the multiplication of jobs, and to better meet our peoples' social needs. In this regard I must admit that extreme poverty, neglect and its effects, social uncertainty, the peasants' backwardness, and the unfair distribution of wealth continue to greatly concern the government. I also want to point out that the government will insistently appeal to the spirit of cooperation and democratic conscience, that are patrimony of the people, to continue making progress in solving these problems with more determination and efficiency than in the past.

Peasant marches and workers strikes have become clear demonstrations of problems that have not been totally resolved. We knew the task was not easy, particularly within the institutional framework that was still struggling to consolidate itself. But now that the fatherland is faced with a new broad and promising scenario for fruitful relationships, we must confirm our desire for dialogue in order to jointly find the key solutions that have been postponed for so long.

Likewise, talks between employees and employers were initiated with the government's support. Despite the problems that still need to be solved, we hope that the talks to solve the pending serious social problems, especially those referring to the peasants' fair demands, will be resumed.

Honorable National Congress: The new times we are experiencing, which we all helped conquer, face us with a new horizon. There is no longer anything that will tempt us to look into the past but rather demands that will not allow us to distract our attention from the future and make us jointly tread the path of challenges and promises that lie ahead of us. Our effort should turn it into a path that leads towards a more open and fair Paraguay where we may all feel like citizens of a free society that belongs to the world.

Fellow countrymen: Paraguay is changing, let us all help each other continue changing it. Thank you very much.

Paraguay: Opposition Leader Warns of Colorado Lawsuit

PY2906035296 Asuncion ULTIMA HORA in Spanish 27 Jun 96 p 2

[FBIS Translated Excerpt] Domingo Laino, Authentic Radical Liberal Party [PLRA] president, said yesterday that a petition filed by the Colorado Party to declare unconstitutional the law ordering the registration into the Permanent Civic Registry and the law declaring the old electoral registry null is "a strong blow against the democratization process."

He said: "We want to be allowed to continue advancing in this democratization process and we seek the withdrawal of petitions declaring parts of the process unconstitutional, because we think those petitions are strong blows against democracy."

The opposition leader made these comments after meeting with Brazilian President Fernando Henrique Cardoso, who visited our country for a few hours.

Laino stressed that "the Paraguayan democratic political class agreed to advance with a clear electoral process" and downplayed the criticism against him by ANR [National Republican Association-Colorado Party] President Luis Maria Argana. [passage omitted]

Peru

Peru: Fujimori Wants Joy Way as Next Congress President

PY0107163396 Lima LA REPUBLICA in Spanish 28 Jun 96 p 4

[FBIS Translated Text] A decision by President Alberto Fujimori, which was directly transmitted to the ruling bloc, means Victor Joy Way will be the next Congress president.

The announcement was made on 25 June at the Little Pentagon [Pentagonito] — the Defense Ministry building — in the presence of some 60 congressmen.

President Alberto Fujimori personally announced the decision to support Joy Way's candidacy. This surprised many congressmen who were expecting the designation of Carlos Torres y Torres Lara.

The meeting of the ruling bloc was held within a climate of tension, sponsored by candidates who dispute the presidency of Congress.

One of those present revealed that Congress President Martha Chavez engaged in a heated argument with her opponents Torres y Torres Lara and Joy Way, who are her vice presidents.

Recriminations began when obstacles within the congressional work among each of the candidates was revealed.

President Fujimori stated that Chavez' reelection was ruled out because of her continuous friction with her colleagues on the board.

Fujimori added that he decided to keep Torres y Torres Lara out of the presidency so as to continue leading the ruling bloc and to establish relations with the political forces during debates.

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The Congress president is elected before the July legislature period which begins on 28 July with a speech by the president of the Republic.

Carlos Torres y Torres Lara did not convey surprise over the presidential decision, although he was considered a certain official candidate for Congress president.

Torres y Torres Lara, who has been president of the Constitution Committee since the establishment of the Constitutional Court, was certain that agreement would allow him to become Congress president.

Our sources report that Chavez, Torres y Torres Lara, and Joy Way are characterized by their extreme loyalty to President Fujimori, and thus resentment or resignations are out of the question.

Participants at the meeting at the Little Pentagon have said the most probable solution is that Martha Chavez will be given a post of confidence.

Concerning the future Congress president, they said he is being awarded the post for continuous cooperation with the government.

Some recalled that it was Joy Way who submitted the law to force the judges to implement the law on impunity, which acquitted and released the former military officers responsible for the crimes in Barrios Altos and La Cantuta, in addition to leaving unpunished thousands of human rights violations.

It was he who also hastily negotiated the law that returns the IGV [General Sales Tax] to the Shell-Mobil consortium, just when the contract for the exploitation of the Camisea gas field was signed.

Peru: Need for Long-Lasting Peace With Ecuador Viewed

PY0107231596 Lima GESTION in Spanish 28 Jun 96 p 24

[Editorial: "Talks With Ecuador. For an Overall View"]

[FBIS Translated Text] Talks with Ecuador have acquired a new profile over the past few weeks. The most outstanding element has been the urgency to reach a solution conveyed by two of the guarantor countries.

This has already been conveyed on the occasion of the meeting held in Washington between Peruvian President Alberto Fujimori and President Bill Clinton. On that occasion President Clinton urged the two parties to "find a solution to the impasse, if possible before the change of government in Ecuador."

After that meeting, Ecuador anxiously sought a similar meeting at the White House for President Sixto Duran-Ballen, which took place on 25 June. During that meeting, Clinton again asked that a solution be found "as soon as possible."

Moreover, Argentine Foreign Minister Guido di Tella, host of the meeting between the Peruvian and Ecuadoran foreign ministers held on 18 and 19 June, has said that the guarantor countries do not want to wait 40 years for a solution. That decision has contributed to increasing the climate of restlessness surrounding the talks.

That environment is also nurtured by the hustling and bustling of the MOMEP [Ecuador-Peru Military Observers' Mission], within which the U.S. decision to withdraw its logistical contribution with the military mission has led to speculations, including one about a possible "privatization" of that contribution.

It would be extremely dangerous to let the peace process be handled with haste. Peru promotes fluid talks, free of complications from lateral or secondary issues, but is not willing to settle for any solution.

The foremost idea is to be subjected to the current legal system which had already been accepted by both parties: the Rio de Janeiro Protocol.

This, of course, categorically rejects proposals such as that attributed to U.S. Diplomat Luigi Einaudi, that the path to peace would be that of convincing Peru to grant territorial concessions.

"Peace in exchange for territories" is a peace plan applicable only in cases where there had been territorial usurpation. This is not the case with Peru.

Nevertheless, the impatience expressed among the guarantors is turning into another element to be considered within the Peruvian strategy. As some experts have pointed out, although the Peruvian position is firmly supported by a legal system, it is essential not to close the eyes to external pressures that can influence the process.

This includes, of course, a continuous evaluation of the Ecuadoran desire to reach a solution. Quito's insistence on arbitration, from this point of view, seeks to create an obstacle. Although it is true that this time the arbitration is requested to solve "the impasses exchanged between the two parties on 6 March 1996" and the arbiter would be designated by the guarantors and would act in coordination with these guarantors.

The other elements which should also be considered are: the hostile position "officially" fomented in Ecuador by textbooks for children which include messages of hatred toward our country. This has already been conveyed by Peru to UNESCO. The existence of missing Peruvians in Ecuador and the continuous harassment to which

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Peruvian diplomats are submitted are also included in this hostile framework.

The Peruvian Foreign Ministry has well said that these events do not interfere in the flow of talks. This is the way they should be. But it is also appropriate to keep an overall and well thought-out plan for a medium- and long-term solution, not only to obtain a diplomatic victory but to attain a long-lasting peace.

Suriname

Suriname: Bouterse Says NDP Necessary for Coalition

BR0107131396 Rotterdam ALGEMEEN DAGBLAD in Dutch 1 Jul 96 p 3

[Unattributed report: "Bouterse: Government Cannot Ignore NDP"]

[FBIS Translated Text] Paramaribo — NDP [National Democratic Party] leader Desi Bouterse stated that no coalition government can be formed in Suriname without his party, the country's largest. Parties which respect themselves and the people, he said, are commiting treason if they cooperate to maintain the New Front policy.

He stated, however, that the NDP is willing to cooperate "in a new combination" for a businesslike, transparent policy to restore peace, calm, and security, and to develop the country. "One cannot ignore the NDP which is the largest party in Parliament with 16 out of 51 seats."

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